

Registered number  
04255391

PENTRAXIN THERAPEUTICS LIMITED

Report and Financial Statements

31 July 2017

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**PENTRAXIN THERAPEUTICS LIMITED**  
**Report and accounts**  
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**PENTRAXIN THERAPEUTICS LIMITED**  
**Company Information**

**Directors**

M B Pepys  
C A Tarhan  
P N Hawkins  
S P Wood

**Secretary**

C A Tarhan

**Auditor**

Ernst & Young LLP  
Atria One  
144 Morrison Street  
Edinburgh  
EH3 8EB

**Bankers**

Barclays Bank plc  
Hampstead Branch  
London  
NW3 1WJ

**Registered office**

97 Tottenham Court Road  
London  
W1T 4TP

**Registered number**

04255391

## **PENTRAXIN THERAPEUTICS LIMITED**

**Registered number:**

04255391

### **Directors' Report**

The directors present their report and financial statements for the year ended 31 July 2017.

#### **Principal activities**

The principal activities are to develop and commercialise bio-medical treatments.

#### **Research and development**

The company is pursuing its development programme for the treatment of systemic amyloidosis using CPHPC, a proline-derived small molecule compound able to strip amyloid P from deposits by reducing levels of circulating serum amyloid P, which has been licenced to Glaxo Group Limited in 2009.

Simultaneously the company is supporting the Depletion of Serum Amyloid P Component In Alzheimer's Disease (DESPIAD) phase 2b clinical trial using CPHPC, which depletes serum amyloid P component from the brain expected to be conducted in the Leonard Wolfson Experimental Neurology Centre at UCL's Institute of Neurology during 2016/2017.

#### **Going concern**

The directors have assessed the liquidity position of the company. As detailed above the company has an ongoing collaboration which provides prospects of significant future receipts. Furthermore the directors have received written confirmation from University College London that it will provide the company with additional financing if necessary.

Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

#### **Dividends**

The directors do not recommend the payment of a dividend (2016: £61,111).

#### **Directors**

The following persons served as directors during the year:

M B Pepys  
C A Tarhan  
P N Hawkins  
S P Wood

#### **Strategic report: small companies exemption**

The company has taken advantage of the exemption granted by the section 414 (B) of the Companies Act 2006, whereby it is not required to produce a strategic report; the exemption is available to companies that would be entitled to small companies exemption but for being a member of an ineligible group.

**PENTRAXIN THERAPEUTICS LIMITED**

**Registered number:**

04255391

**Directors' Report**

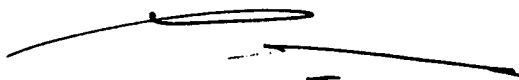
**Disclosure of information to auditors**

Each person who was a director at the time this report was approved confirms that:

- so far as he is aware, there is no relevant audit information of which the company's auditor is unaware; and
- he has taken all the steps that 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

This report was approved by the board on 19 December 2017 and signed on its behalf.



C A Tarhan  
Director

## **PENTRAXIN THERAPEUTICS LIMITED**

### **Directors' Responsibilities Statement**

The directors are responsible for preparing the report and 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 (Financial Reporting Standard 102 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

# **PENTRAXIN THERAPEUTICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTRAXIN THERAPEUTICS LIMITED**

### **Opinion**

We have audited the financial statements of Pentraxin Therapeutics Limited (the 'company') for the year ended 31 July 2017 which comprise the Income Statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 16, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 July 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. 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 the provisions available for small entities, in the circumstances set out in the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

**PENTRAXIN THERAPEUTICS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTRAXIN THERAPEUTICS LIMITED (continued)**

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

**Opinion on other matters prescribed by the Companies Act 2006**

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

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

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the 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
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.



**PENTRAXIN THERAPEUTICS LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PENTRAXIN THERAPEUTICS 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.

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.

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



Stephen Reid (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Edinburgh

*20 December 2017*

**PENTRAXIN THERAPEUTICS LIMITED**  
**Income Statement**  
**for the year ended 31 July 2017**

	<b>Notes</b>	<b>2017</b> <b>£</b>	<b>2016</b> <b>£</b>
<b>Turnover</b>		402,108	287,865
Administrative expenses		(320,184)	(184,558)
<b>Operating profit</b>	<b>3</b>	<u>81,924</u>	<u>103,307</u>
<b>Profit on ordinary activities before taxation and gift aid</b>		<u>81,924</u>	<u>103,307</u>
Tax on profit on ordinary activities	<b>5</b>	(16,098)	(13,889)
<b>Profit for the financial year</b>		<u>65,826</u>	<u>89,418</u>

**PENTRAXIN THERAPEUTICS LIMITED**  
**Statement of comprehensive income**  
**for the year ended 31 July 2017**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	65,826	89,418
Other comprehensive income	-	-
Total comprehensive income for the year	<u>65,826</u>	<u>89,418</u>

**PENTRAXIN THERAPEUTICS LIMITED**  
**Statement of Financial Position**  
**as at 31 July 2017**

	Notes		2017 £	2016 £
<b>Current assets</b>				
Debtors	6	125,051	255,797	
Cash at bank and in hand		<u>254,406</u>	<u>73,714</u>	
		379,457	329,511	
<b>Creditors: amounts falling due within one year</b>	7	(145,163)	(161,043)	
<b>Net current assets</b>			<u>234,294</u>	<u>168,468</u>
<b>Net assets</b>			<u>234,294</u>	<u>168,468</u>
<b>Capital and reserves</b>				
Called up share capital	9	100	100	
Profit and loss account	10	234,194	168,368	
<b>Total equity</b>			<u>234,294</u>	<u>168,468</u>

C A Tarhan  
Director

Approved by the board on

19 December 2017

**PENTRAXIN THERAPEUTICS LIMITED**  
**Statement of Changes in Equity**  
**for the year ended 31 July 2017**

	<b>Share capital</b>	<b>Profit and loss account</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>At 1 August 2015</b>	100	140,061	140,161
Profit for the financial year		89,418	89,418
Dividends		(61,111)	(61,111)
<b>At 31 July 2016</b>	<u>100</u>	<u>168,368</u>	<u>168,468</u>
 <b>At 1 August 2016</b>	 100	 168,368	 168,468
Profit for the financial year		65,826	65,826
Dividends		-	-
<b>At 31 July 2017</b>	<u>100</u>	<u>234,194</u>	<u>234,294</u>

**PENTRAXIN THERAPEUTICS LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 July 2017**

**1 Summary of significant accounting policies**

***Statement of compliance***

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

***Basis of preparation***

As highlighted in the Director's report on page 2, the directors have assessed the liquidity position of the company. In 2009 the company agreed a licence collaboration which provides prospects of significant future receipts. Furthermore the directors have received confirmation from University College London that it will provide the company with additional financing if necessary. Therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

***Revenue recognition***

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received or receivable, net of discounts, rebates, VAT and other sales taxes or duty.

Milestone receipts are reported at amount invoiced less VAT.

***Research and development***

Research expenditure is written off as incurred. Development expenditure is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the separately identifiable expenditure is deferred and amortised over the period during which the company is expected to benefit. This period is estimated to be between three and five years. Provision is made for impairment.

***Patent and legal expenditure***

All patent costs and associated legal costs are fully written off as incurred.

***Debtors***

Short term debtors are measured at transaction price (which is usually the invoice price), less any impairment losses for bad and doubtful debts.

Loans and other financial assets are initially recognised at transaction price including any transaction costs and subsequently measured at amortised cost determined using the effective interest method, less any impairment losses for bad and doubtful debts.

***Creditors***

Short term creditors are measured at transaction price (which is usually the invoice price).

Loans and other financial liabilities are initially recognised at transaction price net of any transaction costs and subsequently measured at amortised cost determined using the effective interest method.

**PENTRAXIN THERAPEUTICS LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 July 2017**

**1 Summary of significant accounting policies (continued)**

***Taxation***

A current tax liability is recognised for the tax payable on the taxable profit of the current and past periods. A current tax asset is recognised in respect of a tax loss that can be carried back to recover tax paid in a previous period.

Deferred tax is recognised in respect of all timing differences between the recognition of income and expenses in the financial statements and their inclusion in tax assessments.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply in the periods in which the timing difference is expected to reverse.

Current and deferred tax assets and liabilities are not discounted.

***Foreign currency translation***

Transactions in foreign currencies are initially recognised at the rate of exchange ruling at the date of the transaction.

At the end of each reporting period foreign currency monetary items are translated at the closing rate of exchange. Non-monetary items that are measured at historical cost are translated at the rate ruling at the date of the transaction. All differences are charged to profit or loss.

***Statement of Cash Flows***

In accordance with FRS 102, 1.12(b), the company has taken advantage of the exemption not to present a statement of cash flows.

**2 Turnover**

Turnover represents the amounts derived from the provision of goods and services that fall within the company's ordinary activities, stated net of value added tax.

Turnover is analysed as follows:

	2017 £	2016 £
Milestone receipts	171,000	153,000
Other income	231,108	134,865
	<u>402,108</u>	<u>287,865</u>
By geographical market:		
UK	402,108	287,865

**PENTRAXIN THERAPEUTICS LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 July 2017**

<b>3 Operating profit</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Auditors' remuneration for audit services	2,849	2,750
	<hr/>	<hr/>
<b>4 Staff costs</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Wages and salaries	43,000	7,167
Social security costs	1,012	-
	<hr/>	<hr/>
	44,012	7,167
	<hr/>	<hr/>
<b>Average number of employees during the year</b>	<b>Number</b>	<b>Number</b>
Development	1	1
	<hr/>	<hr/>
<b>5 Taxation</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in period</b>		
Current tax:		
UK corporation tax on profits of the period	13,644	13,889
Adjustments in respect of previous periods	2,454	-
	<hr/>	<hr/>
	16,098	13,889
	<hr/>	<hr/>
<b>Factors affecting tax charge for period</b>		
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	81,924	103,307
	<hr/>	<hr/>
Standard rate of corporation tax in the UK	20%	20%
	<b>£</b>	<b>£</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax	16,111	20,661
Effects of:		
Patent Box Relief	(2,467)	(6,773)
Adjustments to tax charge in respect of previous periods	2,454	-
	<hr/>	<hr/>
Current tax charge for period	16,098	13,889
	<hr/>	<hr/>



**PENTRAXIN THERAPEUTICS LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 July 2017**

<b>6 Debtors</b>		<b>2017</b>	<b>2016</b>	
		<b>£</b>	<b>£</b>	
Trade debtors		108,153	255,474	
Amounts owed by group undertakings and undertakings in which the company has a participating interest		14,583	-	
Other debtors		2,315	323	
		<u>125,051</u>	<u>255,797</u>	
<b>7 Creditors: amounts falling due within one year</b>		<b>2017</b>	<b>2016</b>	
		<b>£</b>	<b>£</b>	
Trade creditors		3,330	24,892	
Amounts owed to group undertakings and undertakings in which the company has a participating interest		8,567	21,786	
Corporation tax		13,644	13,889	
Other taxes and social security costs		15,221	43,461	
Accruals and deferred income		104,401	57,015	
		<u>145,163</u>	<u>161,043</u>	
<b>8 Financial instruments</b>		<b>2017</b>	<b>2016</b>	
		<b>£</b>	<b>£</b>	
Financial assets that are debt instruments measured at amortized cost				
Trade debtors		108,153	255,474	
Financial liabilities measured at amortized cost				
Loans		7,367	7,367	
Trade creditors		4,530	30,973	
<b>9 Share capital</b>	<b>Nominal value</b>	<b>2017 Number</b>	<b>2017 £</b>	<b>2016 £</b>
Allotted, called up and fully paid:				
A' ordinary shares	£1 each	45	45	45
B' ordinary shares	£1 each	25	25	25
C' ordinary shares	£1 each	20	20	20
D' ordinary shares	£1 each	10	10	10
			<u>100</u>	<u>100</u>

All ordinary shares carry the right to vote at general meetings of the company and all the shares of each separate class rank pari passu with all other shares of the same class for all purposes save as set out in the Articles of Association regardless of the nominal value thereof or the price at which they were issued.

The directors may in their sole discretion declare dividends payable to any or all classes of shares.

**PENTRAXIN THERAPEUTICS LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 July 2017**

<b>10 Profit and loss account</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
At 1 August	168,368	140,061
Profit for the financial year	65,826	89,418
Dividends	-	(61,111)
	<hr/>	<hr/>
At 31 July	234,194	168,368
	<hr/>	<hr/>
<b>11 Dividends</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
Dividends on ordinary shares (note 10)	-	61,111
	<hr/>	<hr/>
Dividends proposed after the reporting date	-	-
	<hr/>	<hr/>

**12 Related party transactions**

As at 31 July 2017 there was a purchase ledger balance of £1,200 (2016: £14,419) between the company and UCL Business Plc, the shareholder of the company.

Included in accruals is an amount of £16,060 (2016: £nil) for research related services and £3,163 (2016: £nil) for intellectual property related services due to be recharged to Pentraxin Therapeutics Limited by UCL Business Plc.

UCL Business Plc has paid trading expenses for services performed of £13,655 (2016: £21,005) during the year on behalf of Pentraxin Therapeutics Limited. There was also a charge in the year from UCL Business Plc to the company for accountancy services and administration charge of £12,000 (2016: £12,000).

University College London (UCL), the parent of UCL Business Plc, has paid trading expenses for services performed of £72,561 (2016: £25,000) during the year on behalf of Pentraxin Therapeutics Limited.

As at 31 July 2017 there was a debtor balance of £14,583 (2016: £nil) between the company and UCL for consultancy services and a creditor balance of £10,205 (2016: £nil) for research related expenditure.

The company owed an amount of £6,621 (2016: £6,621) to UCL, the parent of UCL Business Plc, at 31 July 2017 representing outstanding loan interest.

The company also had an outstanding creditor balance on its current account with UCL at year end of £746 (2016: £746).

During the year the company purchased research materials from M B Pepys, a director of the company, to the value of £91,200 (2016: £22,500). The amount owed to M B Pepys at year end was £45,600 (2016: £22,500).

During the year a payment of £6,104 (2016: £nil) was made to S Wood, a director of the company, for consultancy services.

**PENTRAXIN THERAPEUTICS LIMITED**  
**Notes to the Accounts**  
**for the year ended 31 July 2017**

**13 Controlling party**

Majority of the company's 'A' ordinary shares are jointly owned by UCL Business Plc and Professor Mark Pepys who are deemed to be joint controlling parties.

UCL Business Plc is controlled by University College London.

University College London is the largest and smallest entity which consolidates Pentraxin Therapeutics Limited and for which group financial statements are prepared.

**14 Presentation currency**

The financial statements are presented in Sterling.

**15 Legal form of entity and country of incorporation**

PENTRAXIN THERAPEUTICS LIMITED is a limited company incorporated in England.

**16 Principal place of business**

The address of the company's principal place of business and registered office is:

97 Tottenham Court Road  
London  
W1T 4TP