

REGISTERED NUMBER: 04305857 (England and Wales)

Financial Statements for the Year Ended 31 December 2022

for

Oxford Drug Design Limited

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for the year ended 31 December 2022

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Oxford Drug Design Limited

Company Information

for the year ended 31 December 2022

DIRECTORS:

Professor W G Richards CBE
Professor P W Finn
S R Shah
R G Boyle
D I Ford
Dr A D Roth

SECRETARY:

Ms S J Hargreaves

REGISTERED OFFICE:

Oxford Centre for Innovation
New Road
Oxford
OX1 1BY

REGISTERED NUMBER:

04305857 (England and Wales)

ACCOUNTANTS:

Atraxa Consulting Limited
Brooke's Mill
Armitage Bridge
Huddersfield
West Yorkshire
HD4 7NR

Oxford Drug Design Limited (Registered number: 04305857)

Balance Sheet

31 December 2022

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Intangible assets	5		1,669		2,142
Tangible assets	6		8,236		1,945
Investments	7		<u>1</u>		<u>1</u>
			9,906		4,088
CURRENT ASSETS					
Debtors	8	231,840		191,667	
Cash at bank		<u>1,458,732</u>		<u>297,292</u>	
		1,690,572		488,959	
CREDITORS					
Amounts falling due within one year	9	<u>140,327</u>		<u>116,821</u>	
NET CURRENT ASSETS			1,550,245		372,138
TOTAL ASSETS LESS CURRENT LIABILITIES			1,560,151		376,226
CAPITAL AND RESERVES					
Called up share capital	11		875,231		574,864
Share premium			3,078,995		1,179,362
Retained earnings			<u>(2,394,075)</u>		<u>(1,378,000)</u>
SHAREHOLDERS' FUNDS			1,560,151		376,226

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2022.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2022 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

Oxford Drug Design Limited (Registered number: 04305857)

Balance Sheet - continued

31 December 2022

The financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 19 September 2023 and were signed on its behalf by:

Dr A D Roth - Director

Notes to the Financial Statements
for the year ended 31 December 2022

1. STATUTORY INFORMATION

Oxford Drug Design Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention.

The financial statements have been prepared on a going concern basis which assumes that the company will have sufficient funding available to enable it to continue to operate for the foreseeable future.

To date, the company has been financed by the issue of equity, shareholder loans, grants received and sales revenue.

The directors are satisfied that existing cash balances along with further sales revenue will be sufficient to enable the company to continue its research and development activities and that these resources are adequate for the company to operate for at least the next 12 months.

Consequently, the financial statements have been prepared on a going concern basis.

Preparation of consolidated financial statements

The financial statements contain information about Oxford Drug Design Limited as an individual company, and do not contain consolidated financial information as the parent of a group. Consolidated financial statements have not been prepared on the basis that the company's sole subsidiary undertaking is dormant and has therefore been excluded from the requirement to prepare consolidated financial statements on the basis of materiality.

Significant judgements and estimates

There are no material judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

Notes to the Financial Statements - continued

for the year ended 31 December 2022

3. ACCOUNTING POLICIES - continued

Turnover

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, excluding discounts, rebates, VAT and other sales taxes or duty.

Revenues from the provision of services are recognised upon completion of the contract or as relevant milestones are achieved.

The difference between the amount of income recognised and the amount invoiced on a particular contract is included in the balance sheet as deferred income. Any amounts included in deferred income are expected to be recognised within one year and are included within current liabilities.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Intellectual property licence and trademarks - 10% straight line

Patents - straight line over the life of the patent

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

- Plant and machinery - over 5 years

- Computer equipment - over 3 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the Financial Statements - continued

for the year ended 31 December 2022

3. ACCOUNTING POLICIES - continued

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that 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, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development the asset is tested for impairment annually.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Notes to the Financial Statements - continued

for the year ended 31 December 2022

3. ACCOUNTING POLICIES - continued

Hire purchase and leasing commitments

Leases as lessee:

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share-based payments

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions) and non-vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the income statement.

Fixed asset investments

Fixed asset investments are stated at cost less provision for diminution in value.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 8 (2021 - 9) .

Notes to the Financial Statements - continued
for the year ended 31 December 2022

5. **INTANGIBLE FIXED ASSETS**

	Other intangible assets £
COST	
At 1 January 2022	
and 31 December 2022	<u>39,425</u>
AMORTISATION	
At 1 January 2022	37,283
Charge for year	<u>473</u>
At 31 December 2022	<u>37,756</u>
NET BOOK VALUE	
At 31 December 2022	<u>1,669</u>
At 31 December 2021	<u>2,142</u>

6. **TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery etc £	Totals £
COST			
At 1 January 2022	11,725	81,996	93,721
Additions	<u>-</u>	<u>8,703</u>	<u>8,703</u>
At 31 December 2022	<u>11,725</u>	<u>90,699</u>	<u>102,424</u>
DEPRECIATION			
At 1 January 2022	11,725	80,051	91,776
Charge for year	<u>-</u>	<u>2,412</u>	<u>2,412</u>
At 31 December 2022	<u>11,725</u>	<u>82,463</u>	<u>94,188</u>
NET BOOK VALUE			
At 31 December 2022	<u>-</u>	<u>8,236</u>	<u>8,236</u>
At 31 December 2021	<u>-</u>	<u>1,945</u>	<u>1,945</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2022

7. FIXED ASSET INVESTMENTS

	Other investments £
COST	
At 1 January 2022	
and 31 December 2022	<u>1</u>
NET BOOK VALUE	
At 31 December 2022	<u>1</u>
At 31 December 2021	<u>1</u>

The investment represents a 13% stake in Mølport SIA, a company limited by share capital and incorporated in Latvia.

In addition, the company holds 100% of the ordinary share capital of Oxford Antibiotics Limited, which is registered in England and Wales. This company is dormant and the shareholding is 1 ordinary share of £0.01.

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Other debtors	<u>231,840</u>	<u>191,667</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	48,460	87,367
Taxation and social security	11,666	13,220
Other creditors	<u>80,201</u>	<u>16,234</u>
	<u>140,327</u>	<u>116,821</u>

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2022	2021
	£	£
Within one year	<u>2,975</u>	<u>2,780</u>

Notes to the Financial Statements - continued
for the year ended 31 December 2022

11. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2022	2021
Number:	Class:		£	£
75,341,070	Ordinary	1p	753,411	574,839
2,500	Deferred	1p	25	25
12,179,485	Seed Preferred	1p	121,795	-
			<u>875,231</u>	<u>574,864</u>

On 24 January 2022 the company issued 14,285,715 Ordinary 1p shares for cash consideration of £1,000,000. On 31 March 2022 the company issued a further 3,571,430 Ordinary 1p shares for cash consideration of £250,000.

On 13 June 2022 the company issued 12,179,485 Seed Preferred shares of 1p each for cash consideration of £950,000.

12. ULTIMATE CONTROLLING PARTY

The company has no controlling party.

Notes to the Financial Statements - continued
for the year ended 31 December 2022

13. SHARE-BASED PAYMENT TRANSACTIONS

Share options

The company has share option plans under which it grants options over ordinary shares. Options under these plans are exercisable at a range of exercise prices based on the market price of the company's shares on the date of the grant. The options are settled in equity once exercised. If the options remain unexercised for a period after 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

The number and weighted average exercise prices of share options are as follows:

	EMI options	Unapproved options	Total	Weighted average exercise price per share (£)
At 1 January 2022	5,924,673	625,000	6,549,673	0.07
Exercised during the period	-	-	-	-
Granted during the period	500,000	50,000	550,000	0.07
Cancelled during the period	-	-	-	-
Forfeited during the period	(1,400,000)	-	(1,400,000)	(0.06)
At 31 December 2021	<u>5,024,673</u>	<u>675,000</u>	<u>5,699,673</u>	<u>0.07</u>

Options vest based upon employment conditions and time lapsed. Options not yet exercised have an exercise price range of £0.05 to £0.15 per share.

Any share options which are not exercised within 10 years from the date of grant will expire.

Option values were calculated using a Black-Scholes pricing model with the following assumptions:

	Options granted in the year
Dividend yield	0%
Expected volatility	40%
Option maturity period	10 years
Risk free interest rate	1.50%
Weighted average market price of a share	£0.07

The company has recognised a share-based payment charge of £49,951 in respect of share options in the year (2021: £22,504).

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