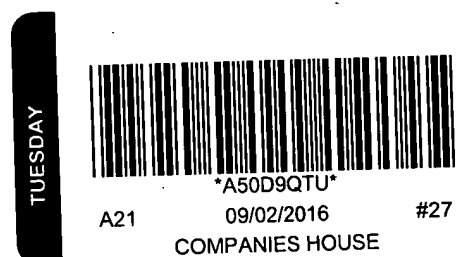


**Avacta Health Limited**  
**STATUTORY FINANCIAL STATEMENTS**  
for the year ended  
31 July 2015



# Avacta Health Limited

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# Avacta Health Limited

## DIRECTORS' REPORT

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The directors submit their report and the financial statements of Avacta Health Limited for the year ended 31 July 2015.

### PRINCIPAL ACTIVITIES

The principal activity of the company in the period under review was that of a laser based technology for analysis of gases.

### REVIEW OF THE BUSINESS

During the year the Company has not traded but has retained its interest in a licence contract with EV (Medical Screening) Limited.

### RESEARCH AND DEVELOPMENT

During the year the Company incurred expenditure on research and development activities amounting to £Nil (2014: £Nil).

### RESULTS AND DIVIDENDS

The profit for the period after taxation was £Nil (2014: £4,030). The directors do not recommend the payment of a dividend (2014: £nil).

### DIRECTORS

The directors who served the company during the year and during the period to the date of this report were as follows:

DAM Smith

TJ Sykes (resigned 9 December 2015)

RCA Slater (appointed 9 December 2015)

### FINANCIAL INSTRUMENTS

The main financial risk faced by the Company is interest rate risk. The Board reviews and agrees the policy for managing this risk. As permitted by FRS13, short-term debtors and creditors have been excluded from all of the numerical disclosures.

#### *Interest rate risk*

The Company continues to manage the cash position in a manner designed to maximise interest income, while at the same time minimising any risk to these funds. Surplus cash funds are deposited with commercial banks that meet credit criteria approved by the Board, for periods between one and six months.

### STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he or she ought to have taken to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

# Avacta Health Limited

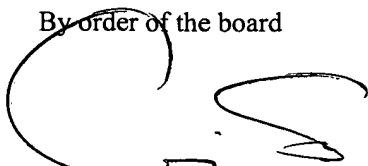
## DIRECTORS' REPORT

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### RE-APPOINTMENT OF AUDITOR

A resolution for the re-appointment of KPMG LLP will be proposed at the forthcoming Annual General Meeting to be held on 25 January 2016.

By order of the board



RCA Slater  
*Director*

08 January 2016

Registered office:  
Unit 651  
Street 5  
Thorp Arch Estate  
Wetherby  
LS23 7FZ

# Avacta Health Limited

## DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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The directors are responsible for preparing 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 those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- d. 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.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AVACTA HEALTH LIMITED

We have audited the financial statements Avacta Health Limited for the year ended 31 July 2015, set out on pages 6 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 1 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.

### **Respective responsibilities of directors and auditor**

As more fully explained 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. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 July 2015 and of its result 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.

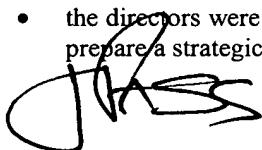
### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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

We have nothing to report in respect of the following matters where 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.



**John Pass, Senior Statutory Auditor**

**For and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

1 Sovereign Square

Sovereign Street

Leeds

LS1 4DA

08 January 2016

**Avacta Health Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 July 2015

|   | <i>Notes</i> | <b>2015</b><br>£ | 2014<br>£ |
|---|--------------|------------------|-----------|
| TURNOVER                                      | 2            | -                | 8,082     |
| Other operating expenses (net)                |              | -                | (4,052)   |
|   |              | <hr/>            | <hr/>     |
| OPERATING PROFIT                              | 3            | -                | 4,030     |
|   |              | <hr/>            | <hr/>     |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION |              | -                | 4,030     |
| Tax on profit on ordinary activities          | 5            | -                | -         |
|   |              | <hr/>            | <hr/>     |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION  | 9            | -                | 4,030     |
|   |              | <hr/>            | <hr/>     |

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account.

The notes on pages 9 to 12 form part of these financial statements.

# Avacta Health Limited

Company Registration No. 05127605

## BALANCE SHEET

at 31 July 2015

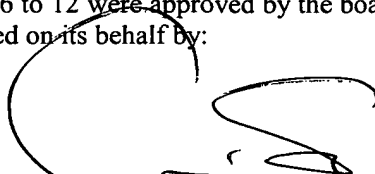
|  | <i>Notes</i> | <b>2015</b><br>£   | 2014<br>£   |
|--|--------------|--------------------|-------------|
| CREDITORS: Amounts falling due within one year | 6            | <b>(722,203)</b>   | (722,203)   |
| NET CURRENT LIABILITIES                        |              | <b>(722,203)</b>   | (722,203)   |
| Net liabilities                                |              | <b>(722,203)</b>   | ( 722,033)  |
| CAPITAL AND RESERVES                           |              |                    |             |
| Called up share capital                        | 7            | <b>2,336</b>       | 2,336       |
| Share premium                                  | 9            | <b>1,060,299</b>   | 1,060,299   |
| Profit and loss account                        | 9            | <b>(1,784,838)</b> | (1,784,838) |
| EQUITY SHAREHOLDER'S DEFICIT                   |              | <b>(722,203)</b>   | (722,203)   |

The notes on pages 9 to 12 form part of these financial statements.

The financial statements on pages 6 to 12 were approved by the board of directors and authorised for issue on 08 January 2016 and were signed on its behalf by:



DAM Smith  
Director



RCA Slater  
Director



# Avacta Health Limited

## RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS for the year ended 31 July 2015

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|                                 | 2015<br>£ | 2014<br>£ |
|---------------------------------|-----------|-----------|
| Profit for the financial period | -         | 4,030     |
|                                 | <hr/>     | <hr/>     |
| INCREASE TO SHAREHOLDER'S FUNDS | -         | 4,030     |
| Opening shareholder's deficit   | (722,203) | (726,233) |
|                                 | <hr/>     | <hr/>     |
| CLOSING SHAREHOLDER'S DEFICIT   | (722,203) | (722,203) |
|                                 | <hr/>     | <hr/>     |
| REPRESENTED BY:                 |           |           |
| Equity interests                | (722,203) | (722,203) |
|                                 | <hr/>     | <hr/>     |

The notes on pages 9 to 12 form part of these financial statements.

# Avacta Health Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2015

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### 1 ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### BASIS OF PREPARATION

The financial statements have been prepared on the basis that the company will continue to be able to meet its liabilities as and when they fall due, which assumes the ongoing support of Avacta Group plc.

The company is exempt under Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements because it is a wholly owned subsidiary of Avacta Group plc, which prepares consolidated financial statements, which are publicly available in England, where this entity is registered.

Under Financial Reporting Standard 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that its parent company includes the company in its own published financial statements.

As the company is a wholly owned subsidiary of Avacta Group plc the company has taken advantage of the exception contained within FRS 8 and has not disclosed transactions with entities that form part of the group. The consolidated financial statements of Avacta Group plc can be obtained from the registered office as detailed on page 3.

#### TURNOVER

Turnover represents the right to consideration for goods and services provided, net of value added tax. Income is recognised when all of the significant risks and rewards of ownership have been transferred to the customer.

#### TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at historic cost. Depreciation is provided at rates calculated to write off cost less estimated residual value of each asset over its expected useful life, as follows:

|                       |   |                                  |
|-----------------------|---|----------------------------------|
| Fixtures and fittings | - | 10 - 20% per annum straight line |
| Laboratory equipment  | - | 20 - 33% per annum straight line |

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.

#### DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

# Avacta Health Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2015

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### LEASED ASSETS AND OBLIGATIONS

Operating leases and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

### RESEARCH AND DEVELOPMENT

Expenditure on research and developments is written off to the profit and loss account in the year in which it is incurred unless it is capital in nature whereby it is deferred and released to the profit and loss account to match the life of the related asset.

### 2 TURNOVER

Turnover, which is stated net of value added tax, represents the amounts derived from the company's principal activity and is wholly undertaken in the United Kingdom.

### 3 OPERATING PROFIT

Auditor's remuneration is paid by the parent undertaking, Avacta Group plc.

| 4 | EMPLOYEES  | 2015<br>No. | 2014<br>No. |
|---|--|-------------|-------------|
|   | The average monthly number of persons (including directors) employed by the company during the period was: |             |             |
|   | Office and management  | 2           | 2           |
|   |  | ==          | ==          |

Neither of the directors of the Company was remunerated by the Company. Both of the directors were remunerated by the Company's ultimate parent undertaking, Avacta Group plc. Copies of the report and accounts of that company are available from the registered office as detailed on page 3.

# Avacta Health Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2015

### 5 TAXATION

|  | 2015<br>£         | 2014<br>£         |
|--|-------------------|-------------------|
| Corporation tax:                           |                   |                   |
| Current tax                                | -                 | -                 |
|  | <u>          </u> | <u>          </u> |
| Current tax charge/(credit) for the period | -                 | -                 |
|  | <u>          </u> | <u>          </u> |

Factors affecting the tax charge for the period:

The tax credit assessed for the period is lower than the standard rate of corporation tax in the UK of 20.7% (2014: 22.3%). The differences are explained below:

|   | 2015<br>£         | 2014<br>£         |
|---|-------------------|-------------------|
| Profit on ordinary activities before tax  | -                 | 4,030             |
|   | <u>          </u> | <u>          </u> |
| Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.7% (2014: 22.3%) | -                 | 899               |
| Effects of:   |                   |                   |
| Losses utilised   | -                 | (899)             |
|   | <u>          </u> | <u>          </u> |
| Current tax charge/(credit) for the period  | -                 | -                 |
|   | <u>          </u> | <u>          </u> |

There is no liability to corporation tax in the period. There is a deferred tax asset due to trading losses in this period and prior financial years of approximately £389,000 (2014: £389,000). This asset has not been recognised as the profit, which would utilise these losses, cannot yet be forecast with sufficient reliability.

# Avacta Health Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the period ended 31 July 2015

|   |  |           |           |
|---|--|-----------|-----------|
| 6 | CREDITORS: Amounts falling due within one year | 2015<br>£ | 2014<br>£ |
|   | Amounts owed to ultimate parent undertaking    | 722,203   | 722,203   |
| 7 | SHARE CAPITAL                                  | 2015<br>£ | 2014<br>£ |
|   | Allotted, issued and fully paid:               |           |           |
|   | 183,569 Ordinary shares of 1p each             | 1,836     | 1,836     |
|   | 50,000 Preference shares of 1p each            | 500       | 500       |
|   |  | 2,336     | 2,336     |

The Preference shares of 1p each are convertible into Ordinary shares of 1p of the Company each unconditionally. The resultant Ordinary shares are the subject of a put and call option to convert into 12,054,696 Ordinary shares of Avacta Group plc.

|    |   |   |                           |
|----|---|---|---------------------------|
| 8  | PROFIT AND LOSS ACCOUNT                   |   | £                         |
|    | Balance at 1 August 2014 and 31 July 2015 |   | (1,784,838)               |
| 9  | RESERVES                                  | <i>Profit and loss<br/>account</i><br>£ | <i>Share premium</i><br>£ |
|    | At 1 August 2014 and 31 July 2015         | (1,784,838)                             | 1,060,299                 |
| 10 | ULTIMATE PARENT UNDERTAKING               |   |                           |

The immediate and ultimate parent undertaking is Avacta Group plc, a company registered in England and Wales. Copies of the report and accounts of that company are available from the registered office in detail on page 3.