

**COMPANY REGISTRATION NUMBER: 6029069**

**ABSYNTH BIOLOGICS LIMITED**  
**FINANCIAL STATEMENTS**  
**31 JULY 2015**



**ABSYNTH BIOLOGICS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2015**

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# **ABSYNTH BIOLOGICS LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 JULY 2015**

The directors present their report and the financial statements of the company for the year ended 31 July 2015.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The company is principally engaged in focusing on new vaccines and treatments for bacterial infections.

There was a loss for the year after taxation amounting to £682,129 (2014: £542,550).

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

#### **DIRECTORS**

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

P Grant

NWF4B Directors Limited

S Foster

F A O Marston

D Knowles

J Garcia-Lara

(Resigned 10 March 2015)

#### **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 each aware, there is no relevant audit information of which the Company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Certain directors benefited from qualifying third party indemnity provisions in place during the year and at the date of this report.

#### **AUDITOR**

KPMG LLP are deemed to be re-appointed under section 487(2) of the Companies Act 2006.

**ABSYNTH BIOLOGICS LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**YEAR ENDED 31 JULY 2015**

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 they elected to prepare the financial statements in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008) and applicable law (UK Generally Accepted Accounting Practice applicable to Smaller Entities). 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 year.

In preparing those 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;
- 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.

# **ABSYNTH BIOLOGICS LIMITED**

## **DIRECTORS' REPORT** *(continued)*


**YEAR ENDED 31 JULY 2015**

### **SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

Registered office:  
Biohub at Alderley Park  
Alderley Park  
Macclesfield  
Cheshire  
SK10 4TG

Signed on behalf of the directors



F Marston  
Director

Approved by the directors on ..... 21 January 2016

# **ABSYNTH BIOLOGICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABSYNTH BIOLOGICS LIMITED**

**YEAR ENDED 31 JULY 2015**

We have audited the financial statements of Absynth Biologics Limited for the year ended 31 July 2015 on pages 6 to 14. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR**

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, 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 OF THE FINANCIAL STATEMENTS**

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/auditscopeprivate.cfm](http://www.frc.org.uk/auditscopeprivate.cfm).

### **OPINION ON 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **EMPHASIS OF MATTER - GOING CONCERN**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company is in the research and development stage of its activities and therefore requires funding from existing or new investors to cover working capital requirements. The company held cash of £23,045 at 31 July 2015 and had a further cash injection from a new shareholder in October 2015, which is forecast to last until March 2016. The company is in the early stages of instigating a further funding round that is planned to complete during 2016, however there can be no certainty of this at the current date. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

# **ABSYNTH BIOLOGICS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABSYNTH BIOLOGICS LIMITED (continued)**

**YEAR ENDED 31 JULY 2015**

### **OPINION ON OTHER MATTERS 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 prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report.



DAVID MORRITT (Senior Statutory Auditor)  
For and on behalf of KPMG LLP  
Chartered Accountants & Statutory Auditor  
Sovereign Square  
Sovereign Street  
Leeds  
LS1 4DA

27/1/2016

# ABSYNTH BIOLOGICS LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JULY 2015

	Note	2015 £	2014 £
<b>TURNOVER</b>	<b>2</b>	<b>3,370</b>	<b>1,050</b>
Administrative expenses		(1,138,857)	(831,812)
Other operating income		<u>438,599</u>	<u>258,386</u>
<b>OPERATING LOSS</b>	<b>3</b>	<b>(696,888)</b>	<b>(572,376)</b>
Interest receivable	<b>5</b>	<b>833</b>	<b>825</b>
Interest payable and similar charges	<b>6</b>	<b>(6,578)</b>	<b>(5,377)</b>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(702,633)</b>	<b>(576,928)</b>
Tax on loss on ordinary activities	<b>7</b>	<b>20,504</b>	<b>34,378</b>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(682,129)</b>	<b>(542,550)</b>
<b>15</b>		<b>(682,129)</b>	<b>(542,550)</b>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 14 form part of these financial statements.



# ABSYNTH BIOLOGICS LIMITED

## BALANCE SHEET

31 JULY 2015

	Note	2015 £	2014 £
<b>FIXED ASSETS</b>			
Intangible assets	8	<u>5,067</u>	<u>7,385</u>
<b>CURRENT ASSETS</b>			
Debtors	9	142,945	147,929
Cash at bank		<u>23,045</u>	<u>473,037</u>
		165,990	620,966
<b>CREDITORS: Amounts falling due within one year</b>	10	<u>(209,951)</u>	<u>(71,061)</u>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(43,961)</b>	<b>549,905</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(38,894)</b>	<b>557,290</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	11	<b>(116,667)</b>	<b>(132,222)</b>
		<u><b>(155,561)</b></u>	<u><b>425,068</b></u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	13	4,287	4,142
Share premium account	15	2,146,530	2,045,175
Profit and loss account	15	<u>(2,306,378)</u>	<u>(1,624,249)</u>
<b>SHAREHOLDERS' (DEFICIT)/FUNDS</b>	15	<u><b>(155,561)</b></u>	<u><b>425,068</b></u>

These accounts were approved by the directors and authorised for issue on 21.01.16 and are signed on their behalf by:

  
F A O Marston

Company Registration Number: 6029069

The notes on pages 8 to 14 form part of these financial statements.

**ABSYNTH BIOLOGICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2015**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

**Going concern**

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The company is engaged in the commercialisation of intellectual property and is currently in the research and development stage of its activities. As is usual in this industry, research projects must meet specific targets in order to demonstrate ongoing commercial viability and negotiate successfully for additional funding. Companies that cannot demonstrate ongoing technical or commercial viability would be wound down. New funding cycles are typically 12 to 18 months apart, although this varies between companies.

The company held cash balances of £23,045 at 31 July 2015 and had a further cash injection from a new shareholder in October 2015, with these funds expected to cover the working capital requirements of the company up to March 2016. The directors are in the early stages of instigating a further funding round. Such funds are likely to come from existing investors, and the directors have no reason to believe these funds will not become available when required.

However, there can be no certainty in relation to these matters and the potential inability to raise additional funding, which is reliant on uncertain future events, represents a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. The Company may, therefore, be unable to continue realising its assets and discharging its liabilities in the normal course of business. Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operation existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**Research and development**

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

**Intangible assets**

Intangible fixed assets purchased separately from a business are capitalised at their cost.

**ABSYNTH BIOLOGICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2015**

**1. ACCOUNTING POLICIES** *(continued)*

**Amortisation**

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

to nil by equal annual instalments over 10 years

**Financial instruments**

Following the adoption of FRS25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

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

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

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

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy) are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

**Share options**

No charge is recognised for share options issued, in accordance with the requirements of FRSSE 2008, the number of options issued and their principal vesting conditions are disclosed in note 14.

**Grant income**

Grant income is recognised where there is reasonable assurance that the physical payment will be received and the attached conditions have been complied with. When the grant relates to an expense item, it is recognised as other operating income on a systematic basis over the time periods that the costs, which it is intended to compensate, are expensed.

**ABSYNTH BIOLOGICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2015**

**1. ACCOUNTING POLICIES** *(continued)*

**Taxation**

The charge for taxation is based on the loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

**2. TURNOVER**

The turnover and profit before tax are attributable to the principal activity of the company.

**3. OPERATING LOSS**

Operating loss is stated after charging:

	<b>2015</b>	2014
	£	£
Amortisation of intangible assets	<b>2,318</b>	2,318
Research and development expenditure	<b>768,136</b>	554,122
Auditor's remuneration		
- as auditor	<b><u>2,550</u></b>	<u>2,500</u>

**4. DIRECTORS' REMUNERATION**

The directors' aggregate remuneration in respect of qualifying services were:

	<b>2015</b>	2014
	£	£
Aggregate remuneration	<b><u>151,437</u></b>	<u>155,185</u>

**5. INTEREST RECEIVABLE**

	<b>2015</b>	2014
	£	£
Bank interest receivable	<b><u>833</u></b>	<u>825</u>

**ABSYNTH BIOLOGICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2015**

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015	2014
	£	£
Interest on other loans	<u>6,578</u>	<u>5,377</u>

**7. TAXATION ON ORDINARY ACTIVITIES**

**(a) Analysis of credit in the year**

	2015	2014
	£	£
Current tax:		
R&D tax credit	<u>(20,504)</u>	<u>(34,378)</u>
Total current tax	<u>(20,504)</u>	<u>(34,378)</u>

**(b) Factors affecting current tax credit**

The tax credit for the year is lower than the standard rate of corporation tax in the UK of 20% (2014 – lower, 20%).

	2015	2014
	£	£
Loss on ordinary activities before taxation	<u>(702,633)</u>	<u>(576,928)</u>
Loss on ordinary activities by rate of tax	<u>(140,527)</u>	<u>(115,386)</u>
Expenses not deductible for tax purposes	2,193	15,101
Unrelieved tax losses	138,334	100,285
R&D tax credit	<u>(20,504)</u>	<u>(34,378)</u>
Total current tax (note 7(a))	<u>(20,504)</u>	<u>(34,378)</u>

**ABSYNTH BIOLOGICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2015**

**8. INTANGIBLE FIXED ASSETS**

	<b>Patents and Licences £</b>
<b>COST</b>	
At 1 August 2014 and 31 July 2015	<u>23,179</u>
<b>AMORTISATION</b>	
At 1 August 2014	15,794
Charge for the year	<u>2,318</u>
At 31 July 2015	<u>18,112</u>
<b>NET BOOK VALUE</b>	
At 31 July 2015	<u>5,067</u>
At 31 July 2014	<u>7,385</u>

**9. DEBTORS**

	<b>2015 £</b>	<b>2014 £</b>
Trade debtors	–	332
Amounts owed to related parties	–	30,030
VAT recoverable	13,818	14,390
Other debtors	125,723	96,381
Prepayments and accrued income	3,404	6,796
	<u>142,945</u>	<u>147,929</u>

**10. CREDITORS: Amounts falling due within one year**

	<b>2015 £</b>	<b>2014 £</b>
Trade creditors	86,145	27,905
PAYE and social security	5,648	9,667
Other creditors	10,326	–
Amounts owed to related parties (note 11)	23,333	10,145
Accruals and deferred income	84,499	23,344
	<u>209,951</u>	<u>71,061</u>

**ABSYNTH BIOLOGICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2015**

**11. CREDITORS: Amounts falling due after more than one year**

	2015	2014
	£	£
Amounts owed by related parties	<u>116,667</u>	<u>132,222</u>

Amounts owed to related parties consist of is a loan totalling £140,000 (2014: £140,000) from the University of Sheffield. The loan interest is calculated at 3% above six month LIBOR and increased to 4% above LIBOR after May 2014 and is paid monthly in arrears. The loan is repayable in 36 monthly installments, with the first payment due in February 2016.

**12. RELATED PARTY TRANSACTIONS**

During the year ended 31 July 2015 the Company purchased management services from S Foster, a director of the Company, £15,000 (2014: £20,062). The Company owed S Foster £Nil at the year end (2014: £62).

During the year ended 31 July 2015 the Company purchased management services from D Knowles, a director of the Company, £18,750 (2014: £26,831). The Company owed D Knowles £Nil at the year end (2014: £Nil).

During the year ended 31 July 2015 the Company paid expenses of £13,084 (2014: £11,108) to Fiona Marston, a director of the Company. The Company owed Fiona Marston £3,365 at the year end (2014: £2,305).

**13. SHARE CAPITAL**

**Allotted, called up and fully paid:**

	2015		2014	
	No	£	No	£
Ordinary shares of £1 each	1,153	1,153	1,153	1,153
A Ordinary shares of £1 each	1,913	1,913	1,839	1,839
B Ordinary shares of £1 each	1,221	1,221	1,150	1,150
	<u>4,287</u>	<u>4,287</u>	<u>4,142</u>	<u>4,142</u>

On 3 August 2015, the company issued 74 A Ordinary £1 shares for a total cash consideration of £49,700.

On 3 August 2015, the company issued 71 B Ordinary £1 shares for a total cash consideration of £51,800.

**Voting**

Ordinary and A Ordinary shares carry 1 vote per share. B Ordinary shares have no voting rights.

**Dividends**

Profits of the Company, which the directors decide, shall be distributed in any financial year or period amongst the holders of the A Ordinary Shares, the B Ordinary Shares and the Ordinary Shares pro rata as if they were the same class.

**Return on capital**

Firstly in paying to the holders of A Ordinary and B Ordinary shares an amount equal to the issue price plus any arrears paid on return of capital, secondly in paying to the holders of Ordinary shares an amount equal to issue price, with the balance of assets distributed on a pari passu basis.

**ABSYNTH BIOLOGICS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**14. SHARE OPTIONS**

**2012 Option Scheme**

On 8 November 2012 the company granted to employees options over 240 Ordinary shares at an exercise price of £1 per share. All of these share options have now vested but have not been exercised.

No options were exercised during the year.

**15. RECONCILIATION OF SHAREHOLDERS' FUNDS/(DEFICIT) AND MOVEMENT ON RESERVES**

	Share capital	Share premium account	Profit and loss account	Total share-holders' funds/(deficit)
	£	£	£	£
Balance brought forward	4,142	2,045,175	(1,624,249)	425,068
Loss for the year	–	–	(682,129)	(682,129)
New equity share capital subscribed	145	101,355	–	101,500
Balance carried forward	<u>4,287</u>	<u>2,146,530</u>	<u>(2,306,378)</u>	<u>(155,561)</u>