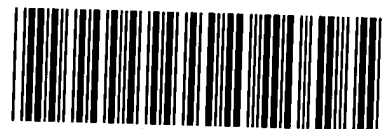


Registration number: 06407331

**Nuformix Technologies Limited**  
**Annual Report and Financial Statements**  
**for the Year Ended 31 March 2020**

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# **Nuformix Technologies Limited**

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# **Nuformix Technologies Limited**

## **Company Information**

### **Directors**

Dr C P Blackwell

Dr K D Keegan

Dr A P Chorlton

Dr J M Holland

### **Registered office**

153 Cambridge Science Park  
Cambridge  
CB4 0GN

### **Auditors**

Haysmacintyre LLP  
10 Queen Street Place  
London  
EC4R 1AG

## **Nuformix Technologies Limited**

### **Directors' Report for the Year Ended 31 March 2020**

The directors present their report and the financial statements for the year ended 31 March 2020.

The directors have taken the small companies exemption contained in s414B of the Companies Act 2006 from the requirement to prepare a strategic report.

#### **Principal activity**

The principal activity of the company is the pharmaceutical development of cocrystal technology.

#### **Results and Dividends**

As stated in the company's statement of comprehensive income on page 7, the company's revenue amounted to £535,000 (2019: £610,000), whilst the company incurred a loss after tax of £391,683 (2019 Loss: £268,552) for the period.

As shown in the company's statement of financial position on page 8, net liabilities amounted to £1,381,808 (2019: £990,125) of which £1,734,241 (2019: £985,605) related to group undertakings as set out in notes 21 and 23.

The Directors do not propose a dividend (2019: £nil).

#### **Current year affairs**

During the year, the directors prioritised the development of the company's anti-fibrotic candidate, NXP002, and the development of an inhaled formulation. Preparations for first clinical exposure are underway. With appropriate financing, the directors believe this candidate can be moved through preclinical studies and into the clinic. The directors are looking at all options for deriving value from this product.

Having demonstrated the successful application of the company's proprietary cocrystal technology in humans using NXP001, the directors believe this product could also be of interest to third parties. Whilst it is too early to characterise this, the company will extend business development efforts in this area over the coming 12 months, which will be greatly assisted by the company's network of key opinion leaders and scientific advisors.

The company also commenced pre-clinical pilot studies to investigate the potential for NXP004 with the highly acclaimed Newcastle Fibrosis Research Group. Significant progress was being made until the operational challenges of the COVID-19 outbreak slowed progress. Evaluation of this important data on an exciting candidate that could be applicable to several disease indications is now expected to complete later this year. The directors are looking at all options for deriving value from this product. The company has also announced two new revenue generating collaboration agreements, with Ebers Tech Inc. (Ebers) and VistaGen Therapeutics Inc. (VistaGen) post-period, May 2020).

#### **Future developments**

The company will continue to undertake pharmaceutical development using cocrystal technology to unlock the therapeutic potential of approved drugs with lead programmes in oncology supportive care and fibrosis.

#### **Research and development**

The company continues to undertake various clinical research and development projects during the year as described above in current year affairs.

#### **Financial risk management objectives and policies**

The company's objectives and policies in respect of its exposure to financial risks is set out in note 23.

#### **Directors' of the company**

The directors, who held office during the year, were as follows:

Dr T M Cavell-Taylor (Resigned 11 July 2019)

Dr A P Chorlton

Dr D J Tapoleczay (Resigned 5 February 2020)

Dr J M Holland

Dr D J Gooding (Resigned 22 June 2020)

Mr K Sideman-Wolter (Resigned 9 September 2019)

#### **Going concern**

The company's parent company has indicated its intention to provide support for the next 12 months and provided sufficient funds by way of a loan so that the company has adequate resources to continue operating for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the Company's financial statements. In forming this opinion the Directors considered various assumptions, risks and material uncertainties which are described in Note 2 – Going Concern.

#### **Section 172**

The directors consider the interests of the company's employees and other stakeholders, including the impact of its activities on the community, environment and the company's reputation, when making decisions. The directors ensure that their decisions offer the best chance to promote the success of the company and consider the likely and long-term consequences for all stakeholders. Further information on how the directors ensure compliance with their statutory duty when applying group policies and decisions can be found in the annual report of Nufomix Plc.

#### **Disclosure of information to the auditor**

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditor is unaware.

Approved by the Board on 21/7/20 and signed on its behalf by:



Dr C P Blackwell  
Director

## **Nuformix Technologies Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

## **Nuformix Technologies Limited**

### **Independent Auditor's Report to the Members of Nuformix Technologies Limited**

#### **Opinion**

We have audited the financial statements of Nuformix Technologies Limited for the year ended 31 March 2020 which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation of the company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards; 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. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Materiality uncertainty relating to 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 2 of the financial statements concerning the Company's ability to continue as a going concern. The disclosures indicate that the company is dependent on financial support from the parent company or on securing alternative sources of finance to continue operating for the foreseeable future. These circumstances 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 any adjustments that would result if the Company was unable to continue as a going concern.

#### **Other information**

The other information comprises the information included in the annual 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 our report, we do not express any form of assurance conclusion thereon. 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 this other information, we are required to report that fact. We have nothing to report in this regard.

## **Nuformix Technologies Limited**

### **Independent Auditor's Report to the Members of Nuformix Technologies Limited**

#### **Opinions 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.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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, 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.

#### **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.

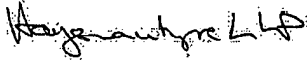
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Nuformix Technologies Limited**

### **Independent Auditor's Report to the Members of Nuformix Technologies Limited**

#### **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.



.....  
Ian Daniels (Senior Statutory Auditor)  
For and on behalf of Haysmacintyre LLP  
Statutory Auditors  
10 Queen Street Place  
London  
EC4R 1AG

Date: 21/07/2020 .....

# Nuformix Technologies Limited

## Income Statement for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Revenue	4	535,000	610,000
Cost of sales		<u>(333,595)</u>	<u>(537,527)</u>
Gross profit		201,405	72,473
Administrative expenses		(759,227)	(519,854)
Other operating income	5	<u>4,130</u>	<u>4,624</u>
Operating loss	6	(553,692)	(442,757)
Finance costs	7	<u>(11,497)</u>	<u>(7,290)</u>
Loss before tax		(565,189)	(450,047)
Income tax receipt	11	<u>173,506</u>	<u>181,495</u>
Loss for the year		<u>(391,683)</u>	<u>(268,552)</u>

The above results were derived from continuing operations.

## Statement of Comprehensive Income for the Year Ended 31 March 2020

	2020 £	2019 £
Loss for the year	<u>(391,683)</u>	<u>(268,552)</u>
Total comprehensive expense for the year	<u>(391,683)</u>	<u>(268,552)</u>


# Nuformix Technologies Limited

(Registration number: 06407331)

## Statement of Financial Position as at 31 March 2020

	Note	31 March 2020 £	31 March 2019 £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	82,912	27,520
Intangible assets	13	224,379	236,870
		<u>307,291</u>	<u>264,390</u>
<b>Current assets</b>			
Trade and other receivables	15	43,671	20,850
Income tax asset		172,391	179,850
Cash and cash equivalents	16	36,355	2,016
		<u>252,417</u>	<u>202,716</u>
<b>Total assets</b>		<u>559,708</u>	<u>467,106</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	17	100	100
Share premium		509,965	509,965
Retained earnings		(1,891,873)	(1,500,190)
<b>Total equity</b>		<u>(1,381,808)</u>	<u>(990,125)</u>
<b>Non-current liabilities</b>			
Lease liabilities	14	<u>37,257</u>	-
<b>Current liabilities</b>			
Trade and other payables	21	1,866,128	1,442,120
Loans and borrowings	18	12,454	15,111
Lease liabilities	14	<u>25,677</u>	-
		<u>1,904,259</u>	<u>1,457,231</u>
<b>Total equity and liabilities</b>		<u>559,708</u>	<u>467,106</u>

Approved by the Board on 21/7/20 and signed on its behalf by:

  
 Dr C P Blackwell  
 Director

**Nuformix Technologies Limited**

**Statement of Changes in Equity for the Year Ended 31 March 2020**

	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2019	100	509,965	(1,500,190)	(990,125)
Loss for the year	-	-	(391,683)	(391,683)
Total comprehensive expense	-	-	(391,683)	(391,683)
At 31 March 2020	100	509,965	(1,891,873)	(1,381,808)
	Share capital £	Share premium £	Retained earnings £	Total £
At 1 April 2018	100	509,965	(1,231,638)	(721,573)
Loss for the year	-	-	(268,552)	(268,552)
Total comprehensive expense	-	-	(268,552)	(268,552)
At 31 March 2019	100	509,965	(1,500,190)	(990,125)

# Nuformix Technologies Limited

## Statement of Cash Flows for the Year Ended 31 March 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Loss for the year		(391,683)	(268,552)
Adjustments to cash flows from non-cash items			
Depreciation and amortisation (including loss on sale)	6	81,685	52,815
Loss on disposal of plant, property & equipment	6	31	151
Finance costs	7	11,497	7,290
Income tax expense	11	(173,506)	(181,495)
		(471,976)	(389,791)
Working capital adjustments			
(Increase)/decrease in trade and other receivables	15	(22,821)	71,895
(Decrease)/increase in trade and other payables	21	(324,628)	223,910
Cash used in operations		(819,425)	(93,986)
Income taxes received	11	180,965	196,881
Net cash flow from operating activities		(638,460)	102,895
<b>Cash flows from investing activities</b>			
Acquisitions of property plant and equipment	12	(10,733)	(1,278)
Acquisition of intangible assets	13	(32,470)	(26,148)
Net cash flows from investing activities		(43,203)	(27,426)
<b>Cash flows from financing activities</b>			
Interest paid	7	(5,362)	(3,523)
Reduction in other loans	18	(2,657)	
Cash payment for reduction of lease liability	14	(23,994)	-
Interest received	7	-	38
Foreign exchange gains	7	(621)	(3,805)
Loan from parent company	21	748,636	(403,763)
Net cash flows from financing activities		716,002	(411,053)
Net increase/(decrease) in cash and cash equivalents		34,339	(335,584)
Cash and cash equivalents at 1 April		2,016	337,600
Cash and cash equivalents at 31 March		36,355	2,016

# **Nuformix Technologies Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2020**

### **1 General information**

The company is a private company limited by share capital, incorporated and domiciled in England and Wales.

The address of its registered office is:

153 Cambridge Science Park  
Cambridge  
CB4 0GH

The principal place of business is:

153 Cambridge Science Park  
Cambridge  
CB4 0GH

### **2 Accounting policies**

#### **Statement of compliance**

The company financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations adopted by the EU ("adopted IFRSs").

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Basis of preparation**

The financial statements have been prepared in accordance with adopted IFRSs and under historical cost accounting rules.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

These financial statements are the separate financial statements of Nuformix Technologies Limited. The IFRS compliant consolidated financial statements of parent, Nuformix PLC, are publicly available at:

153 Cambridge Science Park  
Cambridge  
CB4 0GH

#### **Going concern**

The parent company, Nuformix PLC, has indicated that it will provide sufficient funds to allow continuing operations for 12 months after the signing of these accounts. However, this assumes that Nuformix PLC will be able to operate as a going concern which is dependent on Nuformix Technologies Limited achieving certain milestones in research and trials and securing certain levels of income and/or Nuformix PLC securing alternative sources of finance. If support from Nuformix PLC were not forthcoming, the Directors are confident that they would be able to secure alternative sources of finance. However, the directors recognise that material uncertainties exist in respect of all of these assumptions. Despite these material uncertainties, the Directors consider that they have a reasonable expectation that the Company will be able to continue operating as a going concern for the foreseeable future and, for this reason, they continue to adopt the going concern basis in preparing the Company's financial statements.

#### **Changes in accounting policy**

None of the standards, interpretations and amendments effective for the first time from 1 April 2019, other than IFRS 16, have had a material effect on the financial statements.

None of the standards, interpretations and amendments which are effective for periods beginning after 1 April 2019 and which have not been adopted early, are expected to have a material effect on the financial statements.

# **Nuformix Technologies Limited**

## **Notes to the Financial Statements for the Year Ended 31 March 2020**

### **Adoption of new standards and amendments to existing standards**

Standards, interpretations and amendments to standards with mandatory application for periods beginning on or after 1 January 2019

IFRS 16: "Leases". The company has elected to apply the standard using the modified retrospective approach from 1 April 2019, utilising certain of the practical expedients provided within the Standard, and the cumulative effect of initial application will be recognised in retained earnings at 1 April 2019. Comparative figures for the year ended 31 March 2019 are not restated to reflect the adoption of IFRS 16 but instead continue to reflect the lessee's accounting policies under IAS 17 Leases. This is disclosed in Note 14.

The company has adopted IFRIC 23 for the first time in the current year. IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. Its application had no impact on the Company's tax position.

The company has not elected to take early adoption of any standards or interpretations not mandatorily applicable in 2019.

The texts adopted by the European Union are available on the website of the European Commission at the following address:

[http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index\\_en.htm](http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_en.htm)

### **Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Revenue is shown net of sales/value added tax, returns, rebates and discounts and after eliminating sales within the company.

The company recognises revenue when:

- the amount of revenue can be reliably measured;
- it is probable that future economic benefits will flow to the entity; and,
- specific criteria have been met for each of the company activities, such as the demonstration of milestone achievements in research or acceptance by both parties.

### **Segmental information**

There is one continuing class of business, being the research and experimental development of biotechnology.

Given that there is only one continuing class of business, operating within the UK no further segmental information has been provided.

### **Tax**

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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 taxable income.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Company controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

## **Nuformix Technologies Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statements, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

#### **Property, plant and equipment**

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

#### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

<b>Asset class</b>	<b>Depreciation method and rate</b>
Land and buildings	20% straight line
Lab equipment	25% straight line
Computer equipment	33.33% straight line

#### **Intangible assets**

Internally generated patents are shown at historical cost of the legal fees incurred in obtaining them. The patents have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

#### **Amortisation**

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

<b>Asset class</b>	<b>Amortisation method and rate</b>
Patents	10% straight line

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### **Trade receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

#### **Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

## Nuformix Technologies Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **Leases – After adoption of IFRS 16**

IFRS 16 Leases was issued in January 2016 and is effective for an entity's financial statements for annual reporting periods beginning on or after 1 January 2019. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 introduces significant changes to lessee accounting: it removes the distinction between operating and finance leases under IAS 17 and requires a lessee to recognise a right-of-use asset and a lease liability at lease commencement for all leases, except for short-term leases and leases of low value assets.

- The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability
- The lease liability is initially measured at the present value of the future lease payments discounted using the discount rate implicit in the lease (or if that rate cannot be readily determined, the lessee's incremental borrowing rate). Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

IFRS 16's transition provisions permit lessees to use either a full retrospective or a modified retrospective approach for leases existing at the date of initial application of the standard, with options to use certain transition reliefs.

The company has elected to apply the standard using the modified retrospective approach from 1 April 2019, utilising certain of the practical expedients provided within the Standard, and the cumulative effect of initial application will be recognised in retained earnings at 1 April 2019. The company recognised right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments. Comparative figures for the year ended 31 March 2019 are not restated to reflect the adoption of IFRS 16 but instead continue to reflect the lessee's accounting policies under IAS 17 Leases.

The company has elected to apply for the following practical expedients allowed for entities adopting IFRS 16 using the modified retrospective approach:

- **Reassessment of contract** - The company has made use of the possibility not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 April 2019.
- **Discount rate** - Instead of requiring a lessee to determine the incremental borrowing rate for every single lease, IFRS 16 allows a lessee to apply a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).
- **Initial direct costs** - As a practical expedient, IFRS 16 allows a lessee to exclude initial direct costs from the measurement of the ROU asset on transition.
- **Use of hindsight for lease term** - A lessee is required to determine the lease term at the date of initial application, which includes purchase and renewal options reasonably expected to be exercised and

excludes termination options reasonably expected to be exercised. To alleviate the burden of reconstructing a lessee's initial assessment of the lease term and subsequent changes thereafter, IFRS 16 allows a lessee to use hindsight to determine which renewal and termination options to include or exclude.

- **Onerous lease determination** - Similar to other non-financial assets, ROU assets are subject to impairment testing under IAS 36 Impairment of Assets and a lessee is required to perform an impairment review for each of its ROU assets at date of initial application. IFRS 16 allows a lessee to use its onerous contract assessment under IAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before transition instead of performing an impairment review under IAS 36. The ROU asset is then reduced by any existing provision for related onerous leases – there were no onerous contracts within the Group at 1 April 2019.
- **Short-term leases** - For leases with a remaining term of less than one year at the date of initial application, the lessee may choose to apply the short-term lease exemption in IFRS 16 and expense lease payments rather than recognize an ROU asset and a lease liability. When using the short-term lease exemption, a lessee is required to disclose the amount of lease payments expensed as a result of using this expedient.

#### **Leases – Before adoption of IFRS 16**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **Equity**

Equity comprises the following:

- “Share capital” represents the nominal value of equity shares.
- “Share premium” represents the amount paid for equity shares over the nominal value.
- “Retained earnings” represents retained losses.

#### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a separate entity and has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans contributions are paid publicly or privately administered pension insurance plans on a mandatory or contractual basis. The contributions are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as an asset.

#### **Financial assets and liabilities**

The Company's financial assets comprise intangible and tangible fixed assets, trade and other receivables and cash and cash equivalents.

The Company's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instruments.

### **3 Critical accounting judgements and key sources of estimation uncertainty**

The preparation of financial statement in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

The critical accounting estimates are considered to relate to the following:

#### *Intangible assets*

The Group recognises intangible assets in respect of goodwill arising on consolidation. This recognition requires the use of estimates, judgements and assumptions in determining whether the goodwill is impaired at each year end.

#### *Share options*

The Group fair values equity-settled share-based payment transactions using the Black-Scholes model and Monte Carlo simulations where applicable. The use of the models involve judgements and estimates including an assessment of whether the shares will vest. Should actual future outcomes differ from these assessments the amounts recognised on a straight-line basis would vary from those currently recognised.

#### 4 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2020	2019
	£	£
Rendering of services	535,000	610,000

#### 5 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2020	2019
	£	£
Rent and other operating income	4,130	4,624

#### 6 Operating loss

Arrived at after charging:

	2020	2019
	£	£
Depreciation expense (including lease depreciation)	36,724	11,100
Loss on disposal of tangible fixed assets	31	151
Amortisation expense	44,961	41,715
Operating lease expense - buildings	-	30,998

#### 7 Finance income and costs

	2020	2019
	£	£
<b>Finance costs</b>		
Interest received	-	38
Interest expense on other financing liabilities	(5,362)	(3,523)
Interest on lease liabilities	(5,514)	-
Foreign exchange losses	(621)	(3,805)
<b>Total finance costs</b>	<b>(11,497)</b>	<b>(7,290)</b>

## 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020	2019
	£	£
Wages and salaries	304,000	317,011
Social security costs	34,108	36,057
Pension costs, defined contribution scheme	4,306	2,703
	<u>342,414</u>	<u>355,771</u>

The average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2020	2019
	No.	No.
Research and development	<u>3</u>	<u>3</u>

## 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	£	£
Remuneration	<u>230,000</u>	<u>240,000</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2020	2019
	No.	No.
Accruing benefits under money purchase pension scheme	<u>2</u>	<u>2</u>

In respect of the highest paid director:

	2020	2019
	£	£
Remuneration	<u>120,000</u>	<u>125,000</u>

## 10 Auditors' remuneration

	2020	2019
	£	£
Audit of the financial statements	<u>18,000</u>	<u>10,000</u>

# Nuformix Technologies Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 11 Income tax

Tax charged/(credited) in the income statement

	2020 £	2019 £
<b>Current taxation</b>		
UK corporation tax	<u>(173,506)</u>	<u>(181,495)</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Loss before tax	<u>(565,189)</u>	<u>(450,047)</u>
Corporation tax at standard rate	(107,386)	(85,509)
Increase from effect of capital allowances depreciation	111	1,725
Increase from effect of expenses not deductible in determining tax loss	2,038	1,351
Increase from tax losses for which no deferred tax asset was recognised	6,330	-
Decrease from effect of adjustment in research development tax credit	<u>(74,599)</u>	<u>(99,062)</u>
Total tax credit	<u>(173,506)</u>	<u>(181,495)</u>

No deferred tax asset has been recognised as Directors cannot be certain that future profits will be sufficient for this asset to be realised. As at 31 March 2020 the Company has tax losses carried forward of approximately £900,000 (2019 - £880,000 ).

As announced in the Finance (No 2) Act 2017, which was substantially enacted on 6 September 2017, the rate of U.K. corporation tax will change from 19% to 17% on 1 April 2020. Following the March 2020 budget it was announced that the U.K. corporate tax rate will now no longer reduce to 17%. However, as this reversal has not been substantively enacted at the balance sheet date this effect has not been included in these financial statements. In any case there would be no overall effect of the reversal to 19% to the deferred tax balance at the balance sheet date on the basis that all U.K. balances are not currently recognized for deferred tax due to uncertainty about future utilisation.

# Nuformix Technologies Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 12 Property, plant and equipment

	Land and buildings £	Computer equipment £	Lab equipment £	Total £
<b>Cost or valuation</b>				
At 1 April 2019	32,204	17,488	9,732	59,424
Adoption of IFRS 16	81,414	-	-	81,414
Additions	-	3,381	7,352	10,733
Disposals	-	(3,235)	-	(3,235)
At 31 March 2020	113,618	17,634	17,084	148,336
<b>Depreciation</b>				
At 1 April 2019	11,808	12,017	8,079	31,904
Charge for the year	31,143	3,938	1,643	36,724
Eliminated on disposal	-	(3,204)	-	(3,204)
At 31 March 2020	42,951	12,751	9,722	65,424
<b>Carrying amount</b>				
At 31 March 2020	70,667	4,883	7,362	82,912
At 31 March 2019	20,396	5,471	1,653	27,520

### 13 Intangible assets

	Patents £	Total £
<b>Cost or valuation</b>		
At 1 April 2019	417,141	417,141
Additions	32,470	32,470
At 31 March 2020	449,611	449,611
<b>Amortisation</b>		
At 1 April 2019	180,271	180,271
Amortisation charge	44,961	44,961
At 31 March 2020	225,232	225,232
<b>Carrying amount</b>		
At 31 March 2020	224,379	224,379
At 31 March 2019	236,870	236,870

# Nuformix Technologies Limited

## Notes to the Financial Statements for the Year Ended 31 March 2020

### 14 Leases

The Group has elected to apply the standard using the modified retrospective approach from 1 April 2019, utilising certain of the practical expedients provided within the Standard.

In application of IFRS 16 as from 1 April 2019, the group has recognised on the statement of financial position some "right-of-use" assets and lease liabilities.

A lease exists at 153 Cambridge Science Park which has a mixed use for office and laboratory purposes. This commenced in July 2017 and will run until July 2022. There is a rent review clause in July 2020. The annual charge for the site is £27,930 per annum.

The liabilities recognized for the application of IFRS 16 at 31 March 2020 amount to £62,934, of which £25,677 is due within one year and £37,257 is due after more than one year. To determine the amount of these liabilities, future lease payments were discounted at the incremental borrowing rate of the company which was 7.5%.

The table below presents by nature the "right-of-use" assets included in the fixed assets of the company in 2020:

	Buildings £
<b>Cost or valuation</b>	
At 1 April 2019	-
Adoption of IFRS 16	81,414
Disposals	-
At 31 March 2020	<u>81,414</u>
<b>Depreciation</b>	
At 1 April 2019	-
Charge for the year	24,702
Eliminated on disposal	-
At 31 March 2020	<u>24,702</u>
At 31 March 2020	<u>56,712</u>
At 31 March 2019	-
<b>Measurement of lease liabilities:</b>	
	<b>2019</b>
	<b>£</b>
Operating lease commitments disclosed as at 31 March 2019	38,542
Add: additional lease commitment through non-exercise of break clause	59,458
Discount using the lessee's increment borrowing rate at the date of the initial application	(11,180)
Lease liability recognised at 1 April 2019	<u>86,820</u>
<b>Of which are:</b>	
Current lease liabilities	<u>21,829</u>
Non-current lease liabilities	<u>64,991</u>

## 15 Trade and other receivables

	31 March 2020 £	31 March 2019 £
Trade receivables	2,690	720
Accrued income	-	10,934
Prepayments	18,259	9,196
Other debtors	22,722	-
	<u>43,671</u>	<u>20,850</u>

The fair value of those trade and other receivables classified as financial instrument loans and receivables are disclosed in the financial instruments note.

The company's exposure to credit and market risks, including impairments and allowances for credit losses, relating to trade and other receivables is disclosed in note 21 "Financial risk management and impairment of financial assets".

## 16 Cash and cash equivalents

	31 March 2020 £	31 March 2019 £
Cash at bank	<u>36,355</u>	<u>2,016</u>

## 17 Share capital

### Allotted, called up and fully paid shares

	31 March 2020 No.	£	31 March 2019 No.	£
Ordinary shares of £0.10 each	1,000	100	1,000	100

## 18 Loans and borrowings

	31 March 2020 £	31 March 2019 £
Current loans and borrowings		
Other borrowings	<u>12,454</u>	<u>15,111</u>

The loans and borrowings classified as financial instruments are disclosed in the financial instruments note.

The company's exposure to market and liquidity risk, including maturity analysis, in respect of loans and borrowings is disclosed in note 22 "Financial risk management and impairment of financial assets".

## Nuformix Technologies Limited

### Notes to the Financial Statements for the Year Ended 31 March 2020

#### 19 Obligations under leases and hire purchase contracts

##### Operating leases

The company signed a lease for rental of business premises for 5 years from 17 July 2017 with a break clause allowing notice to be given at the 3 year mark.

The total future value of minimum lease payments is as follows:

	31 March 2020 £	31 March 2019 £
In two to five years	-	38,542

The amount of non-cancellable operating lease payments recognised as an expense during the year was £nil (2019 - £29,400).

#### 20 Pension and other schemes

##### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £4,306 (2019 - £2,703).

Contributions totalling £2,928 (2019 - £1,156) were payable to the scheme at the end of the year and are included in creditors.

#### 21 Trade and other payables

	31 March 2020 £	31 March 2019 £
Trade payables	62,242	277,296
Accrued expenses & deferred income	28,190	21,454
Amounts due to parent company	1,734,241	985,605
Social security and other taxes	28,527	146,953
Outstanding defined contribution pension costs	2,928	1,156
Other payables	10,000	9,656
	<u>1,866,128</u>	<u>1,442,120</u>

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.

The company's exposure to market and liquidity risks related to trade and other payables is disclosed in note 22 "Financial risk management and impairment of financial assets".

## **Nuformix Technologies Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

#### **22 Financial risk management**

##### **Credit risk and impairment**

The main credit risk relates to liquid funds held at banks. The credit risk in respect of these bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

##### **Liquidity risk**

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

An analysis of trade and other receivables is given in note 15.

##### **Capital risk management**

##### **Capital management**

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

## **Nuformix Technologies Limited**

### **Notes to the Financial Statements for the Year Ended 31 March 2020**

#### **23 Related party transactions**

##### **Transactions with directors**

##### **Other transactions with directors**

During the period the company made the following related party transactions:

##### **Dr D Gooding (Director)**

Included in creditors due in less than one year is an interest free loan from Dr D Gooding. At the balance sheet date the amount owed to Dr D Gooding was £95 (2019 - £4,435).

##### **Dr J Holland (Director)**

Included in creditors due in less than one year is an interest free loan from Dr J Holland. At the balance sheet date the amount owed to Dr J Holland was £nil (2019 - £3,949).

##### **Summary of transactions with parent company**

##### **Nuformix PLC**

Included in creditors due in less than one year is an interest free loan from the parent company. At the balance sheet date the amount owed to the parent company was £1,734,241 (2019 - £985,605). A management charge of £230,400 was charged by the parent company during the year (2019 - £nil).

#### **24 Ultimate controlling party**

The company's immediate parent is Nuformix PLC.

The most senior parent entity producing publicly available financial statements is Nuformix PLC. These financial statements are available upon request from 153 Cambridge Science Park, Cambridge, CB4 0GH.

At the balance sheet date, the directors do not consider that there is an ultimate controlling party.