Adaptimmune Limited

Annual report and financial statements

Registered number 6456741

For the year ending

31 December 2017

Adaptimmune Limited

Contents

Adaptimmune Limited

Registered number 6456741

Strategic report for the year ended 31 December 2017

The directors present their annual report and audited financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of Adaptimmune Limited (which may be referred to as "the Company", "we", "us" or "our") is the development and commercialisation of T-cell therapy to treat cancer.

We are a clinical-stage biopharmaceutical company focused on providing novel cell therapies to patients, particularly in solid tumours. Our comprehensive and proprietary SPEAR (Specific Peptide Enhanced Affinity Receptor) T-cell platform enables us to identify cancer targets, find and genetically engineer T-cell receptors ("TCRs"), and produce therapeutic candidates for administration to patients. Using our affinity engineered TCRs, we aim to become a fully integrated cell therapy company and to be the first company to have a TCR T-cell approved for a solid tumour indication.

Business review and future outlook

We have four SPEAR T-cells in clinical trials, MAGE-A10, MAGE-A4, AFP and NY-ESO. Phase 1/2 clinical trials are ongoing in patients with various cancer tumour types including urothelial, melanoma, head and neck, ovarian, multiple, oesophageal, gastric, myeloma, hepatocellular cancers and in synovial sarcoma, myxoid round cell liposarcoma ("MRCLS") and non small cell lung cancer ("NSCLC").

Our MAGE-A10 SPEAR T-cells have shown promising tolerability profiles with no evidence of off-target toxicities observed. In particular as of 27 January 2018, there have been no reports of any severe neurotoxic events similar to CAR-T cell related encephalopathy syndrome ("CRES"). The MAGE-A10 triple tumour study dose escalation to 1 billion transduced cells, which is the dose previously observed to provide responses with our NY-ESO SPEAR T-cell, has been recommended by the Safety Review Committee ("SRC"). In the MAGE-A10 NSCLC study, the SRC has recommended modification of the protocol to permit escalation of the patient dose to 1 billion transduced cells with fludarabine and cyclophosphamide preconditioning in the next treatment cohort. In the MAGE-A4 trial patient enrolment has started in bladder, melanoma, head and neck, ovarian, NSCLC, oesophageal and gastric cancers.

Our NY-ESO SPEAR T-cell has shown promising initial results in clinical trials with a 50% response rate and a median projected overall survival of 120 weeks (~28 months) in Cohort 1 of synovial sarcoma (a solid tumour) and 76% overall response rate at day 100 in multiple myeloma. We have also now seen initial responses (including one confirmed partial response) in a second solid tumour indication, MRCLS, with our NY-ESO SPEAR T-cell. Our NY-ESO SPEAR T-cell therapy has breakthrough therapy designation in the United States and has also received orphan drug designation from the U.S. Food and Drug Administration ("FDA"), and European Commission for the treatment of soft tissue sarcoma. The European Medicines Agency ("EMA") has also granted PRIME regulatory access for our NY-ESO SPEAR T-cell therapy for the synovial sarcoma indication.

In September 2017, GlaxoSmithKline ("GSK") exercised its option to obtain an exclusive global license to the NY-ESO SPEAR T-cell program. Upon transition of the NY-ESO program to GSK which is anticipated to occur during 2018, GSK will assume full responsibility for all development, manufacturing and commercialization activities for the NY-ESO SPEAR T-cell including progression of the SPEAR T-cell into further clinical trials.

In January 2018, we announced that we had successfully manufactured the first SPEAR T-cells for a patient at our Navy Yard facility in Philadelphia. We intend to use the facility to manufacture SPEAR T-cells for all three of our wholly owned programs. In addition, in January 2018, we also announced an agreement with Cell and Gene Therapy Catapult for vector production in the UK, which is intended to ensure vector supply for our ongoing and future clinical studies.

Principal risks and uncertainties

Financial

We are a clinical-stage biopharmaceutical company with no products approved for commercial sale. We have not generated any revenue from any product sales or royalties. We have a history of losses and anticipate that we will incur continued losses for at least the next few years. We cannot be certain that we will achieve or sustain profitability and it is very difficult to predict any future financial performance. Our resources will continue to be devoted substantially to research and development for the foreseeable future and our ability to generate any revenue from any of our current therapeutic candidates cannot be guaranteed. We cannot be certain that additional funding will be available on acceptable terms, or at all. There is a risk that should we fail to obtain additional funding on the terms or timescales we require, we will be unable to complete the further development of our therapeutic candidates necessary to take those candidates to market.

Our current cash projections include reliance on our ability to obtain certain tax credits and our ability to obtain or continue to obtain such tax credits cannot be guaranteed.

Dependence on Clinical Candidates

Our business is dependent on a small number of clinical candidates. There is no certainty that the results obtained in clinical trials of our existing clinical candidates will be sufficient to enable progression of those candidates through our clinical programmes or the obtaining of regulatory approval or marketing authorisation. There can also be no guarantee that clinical candidates will progress through clinical programmes within anticipated timescales or that we will be able to recruit sufficient clinical trial subjects at all or within anticipated timescales. There is significant competition from third party trials in relation to the recruitment of patients. The outcome of clinical trials is inherently uncertain. Negative results seen in clinical programmes with one clinical candidate may impact on our other clinical programmes or prevent other clinical programmes from starting. T-cell therapy is a novel approach for cancer treatment which is not completely understood and the impact of such therapy cannot be predicted. Our clinical candidates may cause adverse events or fatalities which result in the suspension or halting of clinical programmes.

Research Programmes

We have a number of pre-clinical and other candidates under development. Development of further candidates and pre-clinical assessment of those candidates takes a substantial amount of time, effort and money and we may encounter significant delays in taking further candidates into clinical programmes or in finding suitable further candidates to further develop.

Manufacturing

Manufacturing and administration of our SPEAR T-cells is complex and highly regulated. As a result we may encounter difficulties or delays in manufacture of SPEAR T-cells, scaling up or further development of any part of our manufacturing process or any associated development activities. Given the complexity of the manufacturing processes, there is a risk that we will not be able to manufacture our SPEAR T-cells reliably or at acceptable costs or on required timescales. Any delays in our manufacture of SPEAR T-cells can adversely affect a patient's outcomes and result in delays to our clinical trials. Delays or failures in our manufacturing process can result for a number of different reasons including failure in the process itself, lack of reliability in the process, product loss caused by logistical issues, inability to obtain manufacturing slots from our third party contract manufacturers, inability to procure starting materials, close-down of manufacturing facility, contamination of starting materials, a requirement to modify or further develop the manufacturing process and supply chain failures or delays. There are additional risks associated with developing a commercially viable process including scaling of our manufacturing process to the levels required and sourcing of materials. Any delay or failure to develop a commercially viable process may delay the progression of our SPEAR T-cells into pivotal trials and our ability to commercialise those SPEAR T-cells.

The manufacture of our existing SPEAR T-cells is heavily reliant on third parties who are outside of our control. A delay or problem with any of our third party contract manufacturers or third party suppliers can result in delays to the overall manufacturing process, an inability to supply our therapeutics to clinical trial sites when required, and increased cost being incurred in the manufacture and supply of our SPEAR T-cells.

Our manufacturing process needs to comply with regulatory requirements in the United States, Canada and certain countries in the European Union. Any failure to comply with the relevant regulatory requirements could result in delays in or termination of our clinical programmes or suspension or withdrawal of regulatory approvals for our SPEAR T-cells or manufacturing process.

Commercialisation

Our ability to commercialise any SPEAR T-cell is dependent on the progression of clinical candidates through regulatory approval processes and on the results seen in clinical trials. Clinical trials are expensive, time-consuming and difficult to implement and there is no guarantee that the results seen in any clinical trials will be sufficient to progress to the next stage of any clinical approval or ultimately to the obtaining of a marketing approval for any of our SPEAR T-cells.

The market opportunities for our SPEAR T-cells may be limited in terms of geographic scope or type of patients which can be treated. Our estimates of the potential patient population which can be treated may be inaccurate affecting the amount of revenue obtainable for any product. Likewise the amount of revenue that can be obtained in relation to any SPEAR T-cell may be impacted by the nature of pricing reimbursement coverage or schemes available or in place in any specific country and the continuation of such coverage and schemes. We currently have no marketing or sales force and we will have to establish a marketing capability prior to bringing any SPEAR T-cell to market. Even if we are successful in obtaining regulatory approval, our candidates may not gain market acceptance or utility.

In addition, we will face increasing competition from third parties as we proceed through clinical programmes, and such third parties may have more funding and resources than us, impacting on our end ability to bring our therapeutic candidates to market.

Regulation

Our clinical candidates are highly regulated and the regulatory process is lengthy and time-consuming. We may experience significant delays in obtaining regulatory approval or be required to make changes to our clinical programmes or therapeutic candidates by regulatory authorities. Our ability to obtain or maintain accelerated approval or orphan drug designation for any clinical candidate is difficult to predict and may require the development of additional processes or assays. Even if we are successful in obtaining regulatory approvals in one country, this does not mean that we will be successful in other countries and further clinical programmes may be required to obtain required regulatory approvals in such other countries. Should we obtain regulatory approval for any of our SPEAR T-cells we will be subject to ongoing regulatory obligations and requirements which may result in significant additional expense or delays to commercialisation of our products. Any failure to comply with regulatory requirements at any stage in the development of our SPEAR T-cells may harm our reputation and significantly affect our operating results.

We are also subject to regulation as a company both in the United Kingdom and the United States including in relation to financial controls, anti-bribery and other internal policies and controls. If we fail to establish and maintain proper internal controls our ability to comply with applicable regulations could be impaired.

Litigation

We face an inherent risk of product liability given the nature of our business and will face an even greater risk upon commercialisation of any candidates. We cannot guarantee that any insurance coverage we obtain will be sufficient to cover any product liability that arises. We may also face claims brought by third parties in relation to the way in which we run or manage our business, report the results of our business, or the impact our operations have on such third parties.

Third Parties

Commercialization of the NY-ESO SPEAR T-cell therapy depends heavily on the ongoing collaboration with GSK and payments made by GSK to us upon achievement of specified milestones. GSK has the right to nominate three further target programs in addition to the NY-ESO SPEAR T-cell and PRAME SPEAR T-cell programs under the collaboration arrangements. We have no control over whether GSK will elect to progress additional targets under the collaboration arrangements and therefore trigger additional investment from GSK in our SPEAR T-cells.

GSK has exercised its option under the GSK Collaboration and License Agreement signed in 2014 to exclusively license the right to research, develop, and commercialize our NY-ESO SPEAR T-cell program. As a result of the option exercise the NY-ESO SPEAR T-cell program is now being transitioned to GSK. The amount of time and level of resources required to fully transition the program to GSK may impact on our ability to progress other wholly owned programs and divert resources required to further develop our SPEAR T-cells or the manufacturing process for our SPEAR T-cells. The timescales for transition of the NY-ESO SPEAR T-cell program to GSK rely heavily on GSK's ability to put in place the required resources and third party agreements to take over responsibility of the NY-ESO SPEAR T-cell program.

We also rely heavily on and are dependent on ThermoFisher Scientific Inc. ("ThermoFisher") and the technology we obtain from them for the activation and expansion of T-cells. Inability to obtain the relevant technology from ThermoFisher would cause delays to our clinical programmes and our ability to manufacture, supply and administer our TCR therapeutic candidates. We also rely heavily on third parties to conduct our clinical trials including universities, medical institutions, Contract Research Organisations ("CROs") and other clinical supply organisations.

Intellectual Property

We may be forced to litigate to enforce or defend our intellectual property rights and to protect our trade secrets. We may also not be able to obtain suitable protection for our technology or products, or the cost of doing so may be prohibitive or excessive. We cannot provide any assurance that the intellectual property rights that we own or license provide protection from competitive threats or that we would prevail in any challenge mounted to our intellectual property rights. Third parties may claim that our activities or products infringe upon their intellectual property which will adversely affect our operations and prove costly and time-consuming to defend against. We have licensed, and expect to continue to license, certain intellectual property rights from third parties. We cannot provide any assurances that we will be successful in obtaining and retaining licences or proprietary or patented technologies in the future. Further, our products may infringe the intellectual property rights of others and we may be unable to secure necessary licences to enable us to continue to manufacture or sell our products.

Suppliers

We depend upon a limited number of suppliers, and certain components or raw materials for our SPEAR T-cells may only be available from a sole source or limited number of suppliers. Even if the key components that we source are available from other parties, the time and effort involved in obtaining any necessary regulatory approvals for substitutes could impede our ability to replace such components timely or at all. The loss of a sole or key supplier would impair our ability to deliver products to our customers or clinical sites in a timely manner, adversely affect our sales and operating results and negatively impact our reputation.

Employees

We rely on the ongoing involvement of certain key employees. Our ability to further progress our clinical candidates and develop further clinical candidates is dependent on our ability to grow the size and capabilities of our organisation and we may experience difficulties in managing this growth or achieving this growth within anticipated timescales.

Facilities

If any of our existing facilities or any future facilities, infrastructure or our equipment, including our information technology systems, were damaged or destroyed, or if we experience a significant disruption in our operations for any reason, our ability to continue to operate our business could be materially harmed. For example, if our US facility or infrastructure was damaged or destroyed we may be unable to make certain SPEAR T-cells until an alternative manufacturer has been found. We maintain insurance coverage against damage to our property and equipment and business interruption and research and development.

Key performance indicators ("KPIs")

As a measurement of liquidity, the Company reviews its total liquidity position (including cash and cash equivalents in addition to short-term deposits). At 31 December 2017 the total liquidity was £149,568,000 (*2016:* £144,501,000).

The average number of full-time equivalent employees during the year ending 31 December 2017 was 221 (*31 December 2016:* 192).

Financial risk management

The Company is exposed to market risks in the ordinary course of our business, which are principally limited to interest rate fluctuations, foreign currency exchange rate fluctuations, particularly between pound sterling and U.S. dollar, and credit risk. These risks are managed by maintaining an appropriate mix of cash deposits and securities in various currencies, placed with a variety of financial institutions for varying periods according to expected liquidity requirements.

Interest Rate Risk

The Company's surplus cash and cash equivalents are invested in interest-bearing savings, money market funds, corporate debt securities and commercial paper from time to time. The Company's investments in corporate debt securities are subject to fixed interest rates. The Company's exposure to interest rate sensitivity is impacted by changes in the underlying U.K. and U.S. bank interest rates and the fair market value of our corporate debt securities will fall in value if market interest rates increase. Management does not believe an immediate one percentage point change in interest rates would have a material effect on the fair market value of our portfolio, and therefore does not expect the operating results or cash flows to be significantly affected by changes in market interest rates.

Currency Risk

The Company's expenses are generally denominated in the pounds sterling, with the exception of research and development costs, which are predominately denominated in U.S. dollars and, to a lesser extent, Euros.

The results of operations and cash flows will be subject to fluctuations due to changes in foreign currency exchange rates, which could harm our business in the future. The Company seeks to minimize this exposure by maintaining currency cash balances at levels appropriate to meet foreseeable expenses in U.S. dollars and pounds sterling. To date, the Company has not used forward exchange contracts or other currency hedging products to manage exchange rate exposure, although it may do so in the future. The exchange rate as of 31 December 2017, the last business day of the reporting period, was £1.00 to $1.35.

Credit Risk

The Company's cash and cash equivalents are held with multiple banks and the Company monitors the credit rating of those banks. The investments in corporate debt securities and commercial paper are subject to credit risk. The Company's investment policy limits investments to certain types of instruments, such as money market instruments, corporate debt securities and commercial paper, places restrictions on maturities and concentration by type and issuer and specifies the minimum credit ratings for all investments and the average credit quality of the portfolio.

Trade receivables arise in relation to the GSK Collaboration and License Agreement. The Company has been transacting with GSK since 2014, during which time no impairment losses have been recognized. There are no amounts which are past due as of 31 December 2017.

Going Concern

Our financial position, including our cash flows and liquidity position, are fully described in the consolidated financial statements. Having reviewed cash flow forecasts for the 12 month period following the date of signing the financial statements, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing these financial statements despite the current uncertain economic climate.

The Strategic Report was approved by the Board on 14 March 2018.

On behalf of the Board

J Noble
Director

14 March 2018

Adaptimmune Limited

Registered number 6456741

Directors' report for the year ended 31 December 2017

Results and dividends

The result for the year is set out in the Income Statement on page 11.

The directors do not propose a dividend *(2016: £nil)*.

Qualifying third party indemnity provisions

At the time the report is approved, there are no qualifying third party indemnity provisions in place for the benefit of one or more of the directors.

Directors

The following directors have held office since the dates listed below:

Mr J Noble	(appointed 17 July 2008)
Mr D Mott	(resigned 12 January 2017)
Dr C E Sigal	(resigned 12 January 2017)
Dr A Behbahani	(resigned 12 January 2017)
Dr P Thompson	(resigned 12 January 2017)
Dr H Tayton-Martin	(appointed 12 January 2017)
Mr A Rawcliffe	(appointed 12 January 2017)

Charitable and political contributions

No charitable contributions were paid during the year *(2016: £nil)*.
No donations were made during the year to political organisations *(2016: £nil)*.

Employee involvement

The Company is committed to the continued development of employee involvement by an effective communications and consultative framework.

Disabled persons

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Disclosure of information to auditors

All directors in office at the time the report is approved confirm the following:

So far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware. Each director has taken all the steps that he/she ought to have taken in his/her duty as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Directors' report for the year ended 31 December 2017 (Continued)

Independent auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

The Directors' Report was approved by the Board on 14 March 2018.

On behalf of the Board

J Noble
Director

14 March 2018

Adaptimmune Limited

Registered number 6456741

Statement of directors' responsibilities in respect of the Directors' Report, the Strategic Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, 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 have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Adaptimmune Limited

We have audited the financial statements of Adaptimmune Limited ("the Company") for the year ended 31 December 2017 which comprise the statement of financial position as of 31 December 2017 and 2016, the related income statements and statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Independent auditor's report to the members of Adaptimmune Limited (Continued)

Directors' responsibilities

As explained more fully in their statement set out on page 8 the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Charles Le Strange Meakin (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
RG7 4SD

15 March 2018

Adaptimmune Limited

Registered number 6456741

Income Statement

For the year ended	*Note*	**2017** **£000**	2016 £000
Revenue	*2*	**28,791**	10,918
Research & development expenses		**(79,153)**	(54,736)
Administrative expenses		**(13,035)**	(8,703)
Other income	*6*	**1,002**	1,206
Operating loss	*3*	**(62,395)**	(51,315)
Finance income	*7*	**5,800**	2,330
Finance expense	*8*	**(4,592)**	(2,967)
Loss before taxation		**(61,187)**	(51,952)
Taxation credit	*9*	**7,420**	4,289
Loss for the year		**(53,767)**	(47,663)

Statement of Comprehensive Loss

For the year ended	**2017** **£000**	2016 £000
Loss for the year	**(53,767)**	(6,417)
Other comprehensive loss for the period, net of taxes		
Items that are or may be reclassified subsequently to profit or loss:		
Net change in fair value of available for sale financial assets	**(143)**	-
Total comprehensive loss for the year	**(53,910)**	(6,417)

All of the above figures relate to continuing operations.

The notes on pages 14 to 30 form part of these Financial Statements

Adaptimmune Limited

Registered number 6456741

Statement of Financial Position

As at 31 December

	Note	2017 £000	2016 £000
Assets			
Non-current assets			
Property, plant & equipment	*10*	**16,878**	12,748
Intangibles	*11*	**5,163**	4,650
Investments in subsidiaries	*12*	**-**	-
Other receivables	*15*	**11,851**	-
Other non-current assets	*13*	**3,477**	2,092
Restricted cash	*14*	**1,980**	1,980
		39,349	21,470
Current assets			
Other current assets	*13*	**2,725**	967
Trade & other receivables	*15*	**5,125**	8,294
Tax receivable		**8,183**	5,047
Available for sale financial assets		**92,010**	-
Short-term deposits		**-**	18,406
Cash and cash equivalents	*16*	**57,558**	126,095
		165,601	158,809
Total assets		**204,950**	180,279
Equity & liabilities			
Equity			
Share capital	*19*	**4**	4
Share premium		**80,798**	80,798
Retained earnings		**(136,784)**	(83,017)
Share option reserve		**5,067**	3,611
Fair value reserve		**(143)**	-
		(51,058)	1,396
Non-current liabilities			
Trade and other payables	*17*	**199,954**	155,391
Current liabilities			
Trade and other payables	*17*	**56,054**	23,492
Total equity & liabilities		**204,950**	180,279

The notes on pages 14 to 30 form part of these Financial Statements

The financial statements on pages 11 to 30 were approved by the Board of Directors on 14 March 2018 and are signed on its behalf by:

J Noble
Director

14 March 2018

Adaptimmune Limited

Registered number 6456741

Statement of Changes in Equity

	Share capital £000	Share premium £000	Retained earnings £000	Share option reserve £000	Fair value reserve £000	Total equity £000
Balance at 1 January 2016	**4**	**80,798**	**(35,354)**	**1,610**	**-**	**47,058**
Total comprehensive loss for the year:						
Loss for the year	-	-	(47,663)	-	-	(47,663)
Transactions with owners, recorded directly in equity:						
Capital contribution in respect of equity-settled share-based payment transactions	-	-	-	2,001	-	2,001
Balance at 31 December 2016	**4**	**80,798**	**(83,017)**	**3,611**	**-**	**1,396**
Balance at 1 January 2017	**4**	**80,798**	**(83,017)**	**3,611**	**-**	**1,396**
Total comprehensive loss for the year:						
Loss for the year	-	-	(53,767)	-	-	(53,767)
Unrealised losses on available-for-sale financial assets	-	-	-	-	(143)	(143)
Transactions with owners, recorded directly in equity:						
Capital contribution in respect of equity-settled share-based payment transactions	-	-	-	1,456	-	1,456
Balance at 31 December 2017	**4**	**80,798**	**(136,784)**	**5,067**	**(143)**	**(51,058)**

The notes on pages 14 to 30 form part of these Financial Statements

Adaptimmune Limited

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1 Accounting policies

Domicile

Adaptimmune Limited is a private company incorporated, domiciled and registered in England and Wales. Its registered office is 60 Jubilee Avenue, Milton Park, Abingdon, Oxfordshire OX14 4RX UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company's ultimate parent undertaking, Adaptimmune Therapeutics Plc includes the Company in its consolidated financial statements. The consolidated financial statements of Adaptimmune Therapeutics Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 60 Jubilee Avenue, Milton Park, Abingdon, Oxfordshire OX14 4RX UK.

Statement of compliance

These financial statements have been prepared and approved by the directors in accordance with Financial Reporting Standard 101 ("FRS 101").

Basis of preparation

The financial statements have been prepared on the historical cost basis except as required by the accounting standards. The Company changed the reporting date from 30 June to 31 December in 2015 and therefore the Financial Statements of Adaptimmune Limited included herein contain the short period of six months to 31 December 2015 as comparable amounts.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The Company has elected to take advantage of the exemptions in FRS 101 not to prepare a statement of cash flows under IAS 7, financial instrument disclosures under IFRS 7 and fair value measurement under IFRS 13.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 5 above. The financial position of the Company is described in the primary statements and notes of this set of financial statements. In addition, the Company's parent company's financial statements include the Company's objectives, policies and processes for managing its capital and its financial risk management objectives. Having reviewed cash flow forecasts for the 12 month period following the date of signing the financial statements, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Management estimates and judgements

The preparation of the financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions. These judgements, estimates and assumptions affect the reported amounts of assets and liabilities as well as income and expenses in the financial statement provided.

1 Accounting policies (continued)

Management estimates and judgements (continued)

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. The actual outcome is not expected to differ significantly from the estimates and assumptions made.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or the period of revision and future periods if this revision affects both current and future periods.

Foreign currency

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate in effect at that date. Foreign exchange differences arising on translation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Intangibles

Research and development

Expenditure on research activities is recognised in the income statement as incurred. Development costs are capitalised only after technical and commercial feasibility of the asset for sale or use have been established. When making this determination the Company considers:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits can be demonstrated;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses.

The Company currently does not have any development projects which have met the above criteria. If the development costs do not meet the criteria for capitalization, the costs are recognized in the income statement as incurred.

Acquired in-process research and development

Acquired research and development intangible assets, which are still under development, such in-licensed or acquired compounds, are recognised as In-Process Research & Development (IPR&D). IPR&D assets are stated at their purchase cost, together with any incidental expenses of acquisition.

IPR&D assets are not amortized, but evaluated for potential impairment on an annual basis or when facts and circumstances warrant. Any impairment charge is recorded in the consolidated income statement under research & development.

Software licenses

Acquired computer software licences are capitalised as intangibles and stated at costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives.

1 Accounting policies (continued)

Property, plant & equipment

Property, plant & equipment are stated at their purchase cost, together with any incidental expenses of acquisition, less accumulated depreciation.

Depreciation is calculated so as to write off the cost of the assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. Depreciation is not charged on construction in progress until the asset is completed and ready for its intended use.

The following table shows the generally applicable expected useful economic life for each category of asset:

Computer equipment	3 years
Laboratory equipment	5 years
Office equipment	5 years
Leasehold improvements	the shorter of the estimated useful life and the expected duration of the lease

Non-derivative financial instruments:

The Company classifies non-derivative financial assets into the following categories: financial assets at FVTPL (fair value through profit and loss), held-to-maturity financial assets, loans and receivables and available-for-sale financial assets. Non-derivative financial liabilities are classified into the following categories: financial liabilities at FVTPL and other financial liabilities.

As of 31 December 2017, the Company has available-for-sale financial assets, receivables and other liabilities.

Available-For-Sale Financial Assets

Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes other than impairment losses, interest income and foreign currency differences on debt instruments are recognised in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit and loss.

Available-for-sale financial assets with a maturity at acquisition of less than three months are categorized as cash equivalents.

Our investment in available-for-sale financial assets are subject to credit risk. The Group's investment policy limits investments to certain types of instruments, such as money market instruments and corporate debt securities, places restrictions on maturities and concentration by type and issuer and specifies the minimum credit ratings for all investments and the average credit quality of the portfolio.

Trade and Other Receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Other Financial liabilities

Other financial liabilities are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, short-term deposits and available-for-sale financial assets with maturities of three months.

1 Accounting policies (continued)

Impairment excluding inventories and deferred tax assets:

Financial Assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. If any such evidence exists, the amount of the impairment is determined as follows:

Available-For-Sale Financial Assets

When a decline in fair value of an available-for-sale financial asset has been recognized in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. The amount of the cumulative loss that is reclassified from equity to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current value, less any impairment loss on that financial asset previously recognized in the profit or loss. If in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in the profit or loss.

Financial Assets Measured At Amortised Cost (Including Receivables)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

Other current and non-current assets

Clinical materials with alternative use and not held for sale are capitalized as either other current assets or other non-current assets, depending on the timing of their expected consumption.

Investment in subsidiaries

Investments in subsidiary undertakings are stated at cost less any impairment. Where management identify uncertainty over such investments, the investment is impaired to an estimate of its net realisable value.

Operating Leases

Costs in respect of operating leases are charged to the income statement on a straight line basis over the lease term. There are no assets currently held under finance leases.

Research and Development Expenditure

Research and development expenditure includes direct and indirect costs of these activities, including staff costs and materials, as well as external contracts. All such expenditure is expensed as incurred unless the capitalisation criteria of International Accounting Standard 38, 'Intangible Assets' have been satisfied.

1 Accounting policies (continued)

Pension Costs

The Company operates a defined contribution pension scheme for its executive directors and employees. The contributions to this scheme are expensed to the Income Statement as they fall due.

Revenue

Revenue is recognised to the extent that the Company obtains the right to consideration in exchange for its performance and is measured at the fair value of the consideration received excluding Value-Added Tax (VAT). If a payment is for multiple deliverables, then an allocation of the fair value of each deliverable is assessed based on available evidence, judgment is required to attribute the fair value to the various elements.

Where a deliverable has only been partially completed at the balance sheet date, revenue is calculated by reference to the value of services performed as a proportion of the total services to be performed for each deliverable or on a straight-line basis if the pattern of performance cannot be estimated. The amount of revenue recognised is limited to non-refundable amounts already received or reasonably certain to be received. We consider payments reasonably certain to be received at the point that satisfactory criteria are agreed with GSK. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included within current liabilities or non-current liabilities, depending on when the services are expected to be delivered.

We regularly review and monitor the performance of the GSK Collaboration and License Agreement in terms of the proportion of total services to be performed for each deliverable and the period of time over which the revenue is deferred based on facts known at the time. If circumstances arise that may change the original estimates of progress toward completion of a deliverable, then estimates are revised. These revisions may result in increases or decreases in estimated revenues and are reflected in income in the period in which the circumstances that give rise to the revision become known to management.

Government Grants

Government grants are recognised as Other income over the period necessary to match them with the related costs when there is reasonable assurance that the Company will comply with any conditions attached to the grant and the grant will be received.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the current or prior year, using tax rates enacted or substantively enacted at the balance sheet date.

Current tax includes tax credits, which are accrued for the period based on calculations that conform to the U.K. research and development tax credit regime applicable to small and medium sized companies. R&D expenditure which is not eligible for reimbursement under the UK R&D tax credits regime, such as R&D expenditure incurred on research projects for which we receive income, may be reimbursed under the UK Research and Development Expenditure Credit ("RDEC") scheme. Receipts under the UK RDEC scheme are presented within other income as they are similar in nature to grant income.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

1 Accounting policies (continued)

Share-Based Payments

The Company operates equity-settled, share-based compensation plans. Certain employees of the Company are awarded options over the shares in the parent company. The fair value of the employee services received in exchange for these grants of options is recognised as an expense, using the Black-Scholes option-pricing model, with a corresponding increase in reserves. The total amount to be expensed over the vesting year is determined by reference to the fair value of the options granted and assumptions about the number of options that are expected to vest.

Full disclosure of the share-based payment assumptions is available in the financial statements of the ultimate parent company.

Dividends

Dividends received from subsidiary undertakings are accounted for when received. Dividends paid are accounted for in the period when they are paid.

Adopted IFRS not yet applied

The following standards and interpretations have been issued but are not yet effective and therefore have not been applied in these financial statements.

- IFRS 15 Revenue from Contracts with Customers (mandatory for year commencing on or after 1 January 2018)
- IFRS 9 Financial Instruments (mandatory for year commencing on or after 1 January 2018)
- IFRS 16 Leases (mandatory for year commencing on or after 1 January 2019)

The Company is currently evaluating the impact of IFRS 9 and IFRS 16.

The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps:

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company intends to adopt the guidance using the modified retrospective approach, with the cumulative effect of initially applying the guidance recognized at the date of initial application, with effect from 1 January 2018. The Company's assessment of the impact of the guidance is complete and the adoption of IFRS 15 will have a material impact on the Group's consolidated financial statements due to the following:

Under the GSK Collaboration and License Agreement, the Company will receive milestone payments in the future upon achievement of specified development milestones. These milestones are currently recognized as revenue recognized over the period during which we are delivering services to GSK when they are received or reasonably certain to be received. IFRS 15 requires an entity to estimate the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer. This includes an estimate of variable consideration to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

This results in certain milestone payments being recognized earlier under IFRS 15 than under existing guidance, if it is considered probable that the milestone will be achieved.

Where a deliverable has only been partially completed at the balance sheet date, revenue is calculated by reference to the value of services performed as a proportion of the total services to be performed for each deliverable or on a straight-line basis if the pattern of performance cannot be estimated. IFRS 15 requires an entity to recognize revenue using a measure of progress that depicts the transfer of control of the goods or services to the customer. We consider that an input measure, such as costs incurred, relative to the total expected inputs will be the appropriate measure to depict the transfer of control of the services under the GSK Collaboration and License Agreement, which impacts the timing of our revenue from the GSK Collaboration and License Agreement.

Due to these factors, the cumulative effect of adopting the guidance on our financial statements at 1 January 2018 is estimated to be credit to retained losses with a corresponding decrease in deferred revenue of approximately £7 million.

IFRS 15 requires an entity to provide financial statement users with sufficient information to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. To help achieve this objective, IFRS 15 requires certain quantitative and qualitative disclosures, which will be more extensive than our current revenue disclosures.

2 Revenue

Revenue represents recognised income from collaborative agreements.

For the year ended 31 December	**2017**	2016
	£000	£000
Revenue	**28,791**	10,918

Revenue represents recognized income from the GSK Agreement which requires the Company to provide multiple deliverables to GSK. The GSK Agreement relates to up to five target programs, the first of which was the NY-ESO SPEAR T-cell program. On 7 September 2017, and by way of an amendment agreement (the "Amendment"), GSK exercised its option to obtain an exclusive license to research, develop, and commercialize the Group's NY-ESO SPEAR T-cell therapy program. The Amendment also specified the activities required to transition the NY-ESO SPEAR T-cell program to GSK. Transition of the program is targeted for completion during 2018.

The exercise of the NY-ESO option and the Amendment has been accounted for as a modification of an existing arrangement. As of 7 September 2017, we have accounted for the modified arrangement as a multiple-element arrangement consisting of the following deliverables under the GSK Agreement (i) an exclusive license to research, develop, and commercialize the Group's NY-ESO SPEAR T-cell therapy program, (ii) the transitional development program for the NY-ESO Spear T-cell performed during the transition period, (iii) additional transitional services, when and if required by GSK and reimbursed when performed and (iv) the development of, and option to obtain an exclusive license to a second target, PRAME. As provided under the GSK Agreement, GSK continues to have the right to nominate three additional target peptides, excluding any targets on which work is already under way. No further targets can be nominated until after full payment of the option exercise fee for the NY-ESO program. Management does not consider this to be a deliverable at 7 September 2017, because it represents a substantive option not priced at a significant and incremental discount. After the transition, GSK will assume responsibility for all NY-ESO-related activities.

Upon modification, the non-contingent arrangement consideration was allocated between the separate deliverables using the Group's best estimate of the relative fair value. In determining the best estimate, the Group considered internal pricing objectives it used in negotiating the GSK Agreement and the Amendment, together with internal data regarding the cost and margin of providing services for each deliverable taking into account the different stage of development of each development program.

The revenue allocated to the exclusive license to research, develop, and commercialize the Group's NY-ESO SPEAR T-cell therapy program will be recognized as revenue upon commencement of the exclusive license, which occurs on completion of defined transition activities and transition of sponsorship of clinical programs to GSK. The revenue allocated to the transitional development program for the NY-ESO Spear T-cells and the development of, and option to obtain an exclusive license to a second target, PRAME is recognized using the proportional performance model in revenue systematically over the period in which the Group is delivering services under the GSK Agreement, which is determined to be the estimated duration of the development activities to be performed by Adaptimmune under the GSK Agreement.

Management regularly reviews and monitors the performance of the GSK Agreement to determine the period over which the Group will be delivering services to GSK: and when a change in facts or circumstances occurs, the estimated is adjusted and the revenue is recognized based on the revised estimate. The difference between the cumulative revenue recognized based on the previous estimate and the revenue recognized based on the revised estimate is recognized as an adjustment to revenue in the period in which the change in estimate occurs. Upon the exercise of the NY-ESO option, the estimate of the period over which the Group will be delivering services to GSK in relation to the NY-ESO Spear T-Cell development program has significantly reduced, resulting in an increase in revenue amortization in September 2017. Management estimates that all deferred revenue will now be amortized within 12 months.

3 Expenses and Auditor's remuneration

	2017	2016
Operating loss is stated after charging:		
Operating lease charges:		
Plant & Machinery	**12**	2
Other than Plant & Machinery	**1,341**	956
Realised foreign exchange (gains)/losses	**(512)**	211
Depreciation of owned property, plant and equipment (note 10)	**3,020**	2,107
Amortisation of intangibles (note 11)	**276**	118
Loss on disposal of owned property, plant and equipment	**150**	97
Amounts receivable by the company's auditor and its associates in respect of:		
audit of these financial statements	**50**	68
audit-related assurance services	**30**	15

4 Staff numbers and costs

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

	2017 Number	2016 Number
Research & Development	**179**	153
Management & Administration	**42**	39
	221	192

The aggregate staff costs of these persons were as follows:

	2017	2016
Wages and salaries	**11,365**	9,290
Social security costs	**1,275**	1,015
Share based payment – fair value of employee services	**1,457**	2,001
Pension costs – defined contribution (note 18)	**413**	329
	14,510	12,635

5 Directors' remuneration

The Company bears compensation costs for two directors (*2016: none*). The compensation of one directors was borne by the ultimate parent company *(2016: all)*.

The total directors emoluments were £565,000 (*2016: £nil*), which includes employer social security contributions of £44,000 (2016: £nil) and pension contributions of £14,000 (*2016: £nil*).

6 Directors' remuneration (continued)

The total share-based compensation charge in relation to directors' share options was £575,000 *(2016: £nil)*.

Retirement benefits are accruing to one Directors *(2016: none)* under the Company's pension schemes.

The total emoluments for the highest paid Director were £472,000, which includes employer social security contributions of £44,000 *(2016: £nil)* and pension contributions of £14,000 *(2016: £nil)*.

7 Other income

Other income comprises income receivable from government agencies for research funding and income from Immunocore Limited for use of the Company's staff, services and facilities. Government grants are paid in arrears based on a proportion of expenditure and claims are audited prior to receipt of payment.

	2017 £000	2016 £000
Government grant	**-**	296
Research and development expenditure credit	**762**	758
Income from other group companies	**213**	146
Income from related parties (see also note 21)	**-**	6
Other	**27**	-
	1,002	1,206

8 Finance income

Recognised in the income statement:

	2017 £000	2016 £000
Bank interest on cash, deposits and available for sale financial assets	**1,712**	824
Foreign exchange gains on financial assets	**4,088**	1,506
Finance income	**5,800**	2,330

9 Finance expense

Recognised in the income statement:

	2017 £000	2016 £000
Interest on group arrangements	**4,199**	2,967
Amortisation and accretion of available for sale financial assets	**393**	-
Finance expense	**4,592**	2,330

10 Taxation credit

Recognised in the income statement:

	2017 £000	2016 £000
Current tax income		
UK R&D tax credit	**7,420**	4,289
Total tax credit in the income statement	**7,420**	4,289

Reconciliation of effective tax rate

The total tax credit is lower (*2016: lower*) than the standard rate of corporation tax in the UK.
The differences are explained below:

For the	2017 £000	2016 £000
Loss before tax	**61,187**	51,952
Tax at the UK corporation tax rate of 19.25% (*2016*: 20%)	**11,776**	10,390
Non-deductible expenses	**(210)**	(436)
Deferred taxes not recognised	**(6,668)**	(7,196)
Additional allowance in respect of enhanced R&D relief	**5,476**	3,462
Surrender of tax losses for R&D tax credit refund	**(2,463)**	(1,836)
Group relief	**(512)**	(95)
Other	**21**	-
Total tax credit in income statement	**7,420**	4,289

After accounting for tax credits receivable there are accumulated tax losses for carry forward in the UK amounting to £95,096,906 (*2016: £67,587,096*).

Unsurrendered U.K. tax losses can be carried forward indefinitely to be offset against future taxable profits, however this is restricted to an annual £5 million allowance in each standalone company or group and above this allowance, there will be a 50% restriction in the profits that can be covered by losses brought forward.

No deferred tax asset is recognised in respect of accumulated tax losses on the basis that suitable future trading profits are not sufficiently certain.

The effective U.K. corporate tax rate for the years ended 31 December 2017 and 2016 was 19.25% and 20%, respectively. Reductions to the U.K. corporation tax rate to 17% (effective from 1 April 2020) was substantively enacted on 6 September 2016.

11 Property, plant & equipment

	Computer Equipment £000	Office Equipment £000	Laboratory Equipment £000	Leasehold Improvements £000	Total £000
Cost					
At 1 January 2016	541	159	7,294	1,495	9,489
Additions to 31 December 2016	267	67	1,763	4,677	6,774
Disposals to 31 December 2016	-	(29)	-	(109)	(138)
At 31 December 2016	**808**	**197**	**9,057**	**6,063**	**16,125**
Additions to 31 December 2017	186	197	2,585	4,758	7,726
Disposals to 31 December 2017	-	-	-	(1,024)	(1,024)
At 31 December 2017	**994**	**394**	**11,642**	**9,797**	**22,827**
Depreciation					
At 1 January 2016	129	32	1,016	134	1,311
Charge to 31 December 2016	207	37	1,634	229	2,107
Disposals to 31 December 2016	-	(8)	-	(33)	(41)
At 31 December 2016	**336**	**61**	**2,650**	**330**	**3,377**
Charge to 31 December 2017	245	31	2,029	715	3,020
Disposals to 31 December 2017	-	-	-	(448)	(448)
At 31 December 2017	**581**	**92**	**4,679**	**597**	**5,949**
Carrying value					
At 1 January 2016	412	127	6,278	1,361	8,178
At 31 December 2016	472	136	6,407	5,733	12,748
At 31 December 2017	**413**	**302**	**6,963**	**9,200**	**16,878**

Leasehold improvement includes £0.3 million (*2016:* £5.1 million) of assets under construction.
Proceeds from sale of property, plant and equipment were £0.4 million in the year ended December 31, 2017 (*2016*: £nil).

12 Intangibles

	Licensed technology £000	In-Progress R&D £000	Computer Software £000	Total £000
Cost				
At 1 January 2016	-	1,662	270	1,932
Additions to 31 December 2016	147	2,089	664	2,900
At 31 December 2016	**147**	**3,751**	**934**	**4,832**
Additions to 31 December 2017	-	743	46	789
At 31 December 2017	**147**	**4,494**	**980**	**5,621**
Amortisation				
At 1 January 2016	-	-	64	64
Charge to 31 December 2016	8	-	110	118
At 31 December 2016	**8**	-	**174**	**182**
Charge to 31 December 2017	18	-	258	276
At 31 December 2017	**26**	-	**432**	**458**
Carrying value				
At 1 January 2016	-	1,662	206	1,868
At 31 December 2016	139	3,751	760	4,650
At 31 December 2017	**121**	**4,494**	**558**	**5,163**

On 25 November 2015 the Company entered into a Research Collaboration and License Agreement relating to gene editing and HLA-engineering technology with Universal Cells, Inc. ("Universal Cells"). The Company paid Universal Cells an upfront license fee of £1.7 million ($2.5 million), a milestone fee of £2.2 million ($3.0 million) in February 2016 and a further milestone of £0.7 million ($0.9 million) in 2017.

The Company will make further payments of up to $44 million if certain development and product milestones are achieved. Universal Cells would also receive a profit-share payment for the first product, and royalties on sales of other products utilizing its technology.

13 Investments in subsidiaries

	£
Cost and carrying value at 31 December 2017 and 2016	63

The Company has the following interest in subsidiary undertakings throughout the current and previous period:

Name of Company	Country of Incorporation	Holding	Proportion Held	Nature of Business
Adaptimmune LLC	United States of America	Ordinary Shares of $1	100%	Biotechnology Research & Development

14 Other current and non-current assets

Other current and non-current assets are clinical materials with alternative use, not held for sale, which are classified as current or non-current based on whether they are expected to be consumed within twelve months.

15 Restricted cash

As of 31 December 2017 and 2016, the Company had restricted cash of £1,980,000 relating to security deposits for letters of credit relating to leased properties.

16 Trade & other receivables

Amounts shown within current assets as at 31 December	2017 £000	2016 £000
Trade receivables	152	1,200
Prepayments and accrued income	4,146	5,768
Amounts owed by group undertakings	586	767
Other receivables	241	559
	5,125	8,294

Amounts shown within non-current assets as at 31 December	2017 £000	2016 £000
Amounts owed by group undertakings	11,851	-

Amounts owed by group undertakings arise due to a five year U.S. dollar denominated unsecured loan, which accrues interest at a rate of 2.38% per annum.

17 Cash and cash equivalents

The Company's policy for determining cash and cash equivalents is to include all cash balances, overdrafts and short-term deposits with maturities of three months or less.

When the Company assesses its liquidity position it includes cash and cash equivalents as well as short-term deposits.

18 Trade and other payables

Amounts shown within current liabilities as at 31 December	**2017**	2016
	£000	£000
Trade payables	**5,337**	6,047
Other taxation and social security	**4,597**	1,932
Deferred income	**28,691**	9,239
Accruals	**11,041**	5,961
Amounts owed to group undertakings	**6,388**	313
	56,054	23,492

Amounts owed to group undertakings are unsecured, have no fixed date of repayment, and are interest free.

Amounts shown within non-current liabilities as at 31 December	**2017**	2016
	£000	£000
Deferred income	**-**	20,245
Amounts owed to group undertakings	**199,711**	135,146
Accruals	**243**	-
	199,954	155,391

Amounts owed to group undertakings arise due to a five year U.S. dollar denominated unsecured loan, which accrues interest at a rate of 2.38% per annum.

18 Employee benefits

The Company operates a defined contribution pension scheme for its executive directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The unpaid contributions outstanding at the period-end were £85,000 *(2016: £74,000)*. The pension cost charge for the period was £413,000 *(2016: £329,000)*.

19 Capital and reserves

Share capital

As at 31 December	2017	2016
	£000	£000
Allotted, called up and fully paid		
1,813,701 Ordinary shares of 0.1p each	**2**	2
1,758,418 Preferred shares of 0.1p each	**2**	2
	4	4

Capital Management Policy

The Company raises funds from revenue and group borrowings to manage the operating cash outflow.

20 Capital commitments and contingencies

Capital expenditure commitments

As at 31 December	2017	2016
	£000	£000
Future capital expenditure contracted but not provided for	**494**	3,195

These commitments relate to leasehold improvements of our new laboratory building in Oxfordshire, UK and purchases of laboratory equipment as part of the expansion of R&D operations.

Commitments under non-cancellable operating leases

The total of future minimum lease payments payable under the entity's non-cancellable operating leases is as follows:

As at 31 December	2017		2016	
	Land and buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Within one year	**915**	-	557	-
Within two to five years	**6,148**	-	4,584	-
Over five years	**5,353**	-	6,417	-
	12,416	-	11,558	-

The charge in the income statement for operating leases in the period was £1,341,000 *(2016: £958,000)*.

The existing leases refer to laboratory and office property in Oxfordshire, UK.

21 Related parties

The Company has elected to take the exemption provided by FRS 101 not to disclose related party transactions between group entities.

During the period, the Company entered into transactions, in the ordinary course of business, with other related parties.

Immunocore Limited is a related party because it is the beneficial owner of the voting securities of the ultimate parent company.

During the period, Immunocore Limited has invoiced the Company in respect of the transitional services agreement, property rent and joint patent costs. The Company has invoiced Immunocore Limited in respect of the transitional services agreement.

Transactions entered into and trading balances outstanding at 31 December 2017 are as follows:

	Invoiced to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party
Related Party	£000	£000	£000	£000
Immunocore Limited	-	311	-	-

Transactions entered into and trading balances outstanding at 31 December 2016 are as follows:

	Invoiced to related party*	Purchases from related party	Amounts owed from related party	Amounts owed to related party
Related Party	£000	£000	£000	£000
Immunocore Limited	6	1,538	-	296

*includes pass-through costs

Remuneration of Key Management Personnel

The remuneration of the Directors and Executive Officers, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24, 'Related Party Disclosures'.

	2017	2016
	£000	£000
Short-term employee benefits	**566**	241
Share-based payments	**575**	121
	1,141	362

22 Ultimate parent company

The immediate and ultimate parent company is Adaptimmune Therapeutics Plc. This is the smallest and largest group of which the company is a member and for which group financial statements are prepared. Copies of the consolidated financial statements may be obtained from Adaptimmune Therapeutics Plc, 60 Jubilee Avenue, Milton Park, Abingdon, Oxfordshire OX14 4RX UK.