

# Financial Statements Cyclofluidic Limited

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For the year ended 30 November 2013

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COMPANIES HOUSE

Registered number: 06670868

## Company Information

**Directors**  
Dr L Castro (appointed 21 December 2012)  
Dr D M Parry  
Dr J M Treherne  
Mr W J Matthews  
Dr E Farrant  
Dr J J Eshelby (appointed 6 June 2013)

**Company secretary** Aldwych Secretaries Limited

**Registered number** 06670868

**Registered office**  
9400 Garsington Road  
Oxford Business Park  
Oxford  
OX4 2HN

**Independent auditor**  
Grant Thornton UK LLP  
Chartered Accountants & Statutory Auditor  
101 Cambridge Science Park  
Milton Road  
Cambridge  
Cambridgeshire  
CB4 0FY

**Bankers**  
HSBC  
65 Cornmarket Street  
Oxford  
OX1 3HY

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# Directors' report

For the year ended 30 November 2013

The directors present their report and the financial statements for the year ended 30 November 2013.

## Principal activities

Cyclofluidic's principal activity is the exploitation of research and development focused on technology to improve the efficiency of drug discovery.

The company has continued to operate out of laboratory facilities at BioPark, Welwyn Garden City, UK with a highly qualified and experienced cross functional team. Strong technical progress within Cyclofluidic has been maintained throughout the year with the group now operating an integrated and automated chemistry and biology platform for drug discovery CycOps™ based on its groundbreaking research.

Cyclofluidic's two shareholders have continued to provide a high level of technical support to the R&D program alongside their financial commitments to the company. Cyclofluidic maintains a good relationship with the Technology Strategy Board and expects to draw down the final element of the grant funding in 2014.

The group is now focused on securing partnerships with pharmaceutical, biotechnology and other research entities to support drug discovery programmes, leveraging the CycOps™ platform to solve mechanical chemistry problems at speed.

To facilitate the operational phase of the business the directors will seek to raise investment at the appropriate time when trading conditions are right for the business and until it can generate sufficient revenues to enable it to be cash generative to fund the continuing investment in its research platform.

## Directors

The directors who served during the year were:

Dr L Castro (appointed 21 December 2012)  
Dr D M Parry  
Dr J M Treherne  
Dr P A Luke (resigned 6 June 2013)  
Mr W J Matthews  
Dr E Farrant  
Mr G Warrellow (resigned 21 December 2012)  
Dr J J Eshelby (appointed 6 June 2013)

## Directors' report

For the year ended 30 November 2013

### Directors' responsibilities statement

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

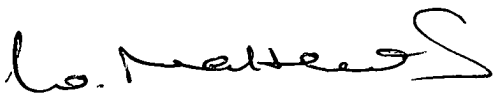
- so far as that director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

### Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 23 May 2014 and signed on its behalf.



Mr W J Matthews  
Director

## Independent auditor's report to the members of Cyclofluidic Limited

We have audited the financial statements of Cyclofluidic Limited for the year ended 30 November 2013, which comprise the group Profit and loss account, the group and company Balance sheets, the group Statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 November 2013 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made within Note 1 concerning the group's ability to continue as a going concern. The group incurred an operating loss of £530,461 for the year ended 30 November 2013. This condition, along with the other matters explained in the accounting policies, indicate the existence of a material uncertainty which may cast significant doubt about the group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the group were unable to continue as a going concern.



## Independent auditor's report to the members of Cyclofluidic Limited

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

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

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the Directors' report.

*Grant Thornton UK LLP*

Alison Seekings (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Cambridge  
Date: 9 June 2014

## Consolidated profit and loss account

For the year ended 30 November 2013

	Note	2013 £	2012 £
<b>Turnover</b>	1,2	156,000	77,000
Administrative expenses		(1,694,319)	(1,588,623)
Other operating income	3	1,014,254	1,078,559
		<hr/>	<hr/>
<b>Operating loss</b>	4	(524,065)	(433,064)
Interest receivable and similar income		1,544	4,215
Interest payable and similar charges		-	(69)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(522,521)	(428,918)
Tax on loss on ordinary activities	7	(7,940)	-
		<hr/>	<hr/>
<b>Loss for the financial year</b>	14	<u>(530,461)</u>	<u>(428,918)</u>

The notes on pages 9 to 17 form part of these financial statements.



## Consolidated statement of total recognised gains and losses

For the year ended 30 November 2013

	2013 £	2012 £
Loss for the financial year	(530,461)	(428,918)
Foreign currency differences	<u>(360)</u>	<u>-</u>
<b>Total recognised gains and losses relating to the year</b>	<b><u>(530,821)</u></b>	<b><u>(428,918)</u></b>

The notes on pages 9 to 17 form part of these financial statements.

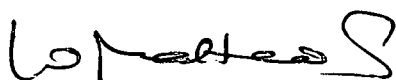
## Consolidated balance sheet

As at 30 November 2013

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	8		309,191		519,785
<b>Current assets</b>					
Debtors	10	328,932		450,127	
Cash at bank and in hand		428,221		652,168	
		<u>757,153</u>		<u>1,102,295</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(223,915)</u>		<u>(525,266)</u>	
<b>Net current assets</b>			<u>533,238</u>		<u>577,029</u>
<b>Total assets less current liabilities</b>			<u>842,429</u>		<u>1,096,814</u>
<b>Creditors: amounts falling due after more than one year</b>	12		<u>(80,018)</u>		<u>(203,582)</u>
<b>Net assets</b>			<u><u>762,411</u></u>		<u><u>893,232</u></u>
<b>Capital and reserves</b>					
Called up share capital	13		1,280,000		1,240,000
Share premium account	14		720,000		360,000
Foreign exchange reserve	14		(360)		-
Profit and loss account	14		<u>(1,237,229)</u>		<u>(706,768)</u>
<b>Shareholders' funds</b>	15		<u><u>762,411</u></u>		<u><u>893,232</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23/5/14



**Mr W J Matthews**  
Director

The notes on pages 9 to 17 form part of these financial statements.

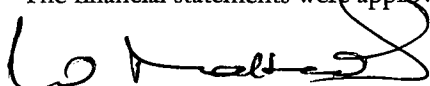
## Company balance sheet

As at 30 November 2013

	Note	£	2013 £	£	2012 £
<b>Fixed assets</b>					
Tangible assets	8		309,191		519,785
Investments	9		637		-
			<u>309,828</u>		<u>519,785</u>
<b>Current assets</b>					
Debtors	10	333,596		450,127	
Cash at bank and in hand		414,055		652,168	
		<u>747,651</u>		<u>1,102,295</u>	
<b>Creditors: amounts falling due within one year</b>	11	(223,950)		(525,266)	
<b>Net current assets</b>			<u>523,701</u>		<u>577,029</u>
<b>Total assets less current liabilities</b>			<u>833,529</u>		<u>1,096,814</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(80,018)		(203,582)
<b>Net assets</b>			<u><u>753,511</u></u>		<u><u>893,232</u></u>
<b>Capital and Reserves</b>					
Called up share capital	13		1,280,000		1,240,000
Share premium account	14		720,000		360,000
Profit and loss account	14		(1,246,489)		(706,768)
<b>Shareholders' funds</b>	15		<u><u>753,511</u></u>		<u><u>893,232</u></u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23/5/14



**Mr W J Matthews**  
Director

The notes on pages 9 to 17 form part of these financial statements.

# Notes to the financial statements

For the year ended 30 November 2013

## 1. Accounting policies

### 1.1 Basis of preparation of financial statements

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

These financial statements have been prepared on a going concern basis which assumes that the company will continue as a going concern for the foreseeable future. Cyclofluidic Limited has been funded to date with a £5.5m grant from the Technology Strategy Board ("TSB") micro and nanotechnology capital project fund, together with £2m equity investment. Draw down of funding from both the TSB and equity investors was dependent on meeting technical milestones, all of which have now been satisfied.

The Group is now seeking to develop partnerships with the pharmaceutical, biotechnology and research entities to support drug discovery programmes using its CyclOps™ platform. The Group does not yet have a revenue basis to fully support the operations of the group and the ongoing investment in its research platform. The losses incurred to date and the current revenue base highlights the existence of uncertainty which cast doubt over the Group's ability to continue as a going concern. The directors are seeking to ensure the cost basis of the business and availability of cash is closely monitored until additional revenues are secured. Given the pipeline developed the directors believe that they have a reasonable expectation that the Group will be able to continue as a going concern for the foreseeable future. These financial statements therefore do not contain any adjustments that would result if the Group was unable to continue as a going concern.

### 1.2 Cash flow

The financial statements do not include a Consolidated cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

### 1.3 Basis of consolidation

The financial statements consolidate the accounts of Cyclofluidic Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the year are included from the effective date of acquisition.

The company has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Profit and loss account.

The loss for the year dealt with in the accounts of the company was £539,721 (2012 - £428,918).

### 1.4 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

# Notes to the financial statements

For the year ended 30 November 2013

## 1. Accounting policies (continued)

### 1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	20% - 67% Straight Line
Fixtures & fittings	-	33% - 50% Straight Line

### 1.6 Investments

Investments in subsidiaries are valued at cost less provision for impairment.

### 1.7 Operating leases

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

### 1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

### 1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Consolidated profit and loss account.

### 1.10 Research and development

Research and development expenditure is written off in the year in which it is incurred.

### 1.11 Grant income receivable

Grants receivable are credited to the profit and loss account in the same period as the related expenditure. To the extent that grants are made as a contribution towards specific expenditure on fixed assets, the related grant income is recognised over the useful economic lives of the related assets.

## Notes to the financial statements

For the year ended 30 November 2013

**2. Turnover**

45% of the company's turnover (2012 - 78.0%) is attributable to geographical markets outside the United Kingdom.

**3. Other operating income**

	2013	2012
	£	£
Grant income receivable	979,733	1,078,559
Enhancement to research and expenditure credit	34,521	-
	<u>1,014,254</u>	<u>1,078,559</u>

**4. Operating loss**

The operating loss is stated after charging:

	2013	2012
	£	£
Depreciation of tangible fixed assets:		
- owned by the group	240,255	243,767
Auditor's remuneration	11,800	8,810
Pension costs	13,000	5,000
Difference on foreign exchange	833	32
Operating lease costs	<u>122,866</u>	<u>115,819</u>

Auditors fees for the company were £10,000 (2012 - £8,810).

**5. Staff costs**

Staff costs, including directors' remuneration, were as follows:

	2013	2012
	£	£
Wages and salaries	630,149	598,512
Social security costs	71,057	69,513
Other pension costs	13,000	5,000
	<u>714,206</u>	<u>673,025</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2013	2012
	No.	No.
Staff	<u>13</u>	<u>13</u>

## Notes to the financial statements

For the year ended 30 November 2013

**6. Directors' remuneration**

	2013	2012
	£	£
Aggregate remuneration	<u>172,373</u>	<u>181,116</u>

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes.

**7. Taxation**

	2013	2012
	£	£
UK corporation tax charge on loss for the year	<u>7,940</u>	<u>-</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 23.33% (2012 - 24.67%). The differences are explained below:

	2013	2012
	£	£
Loss on ordinary activities before tax	<u>(522,521)</u>	<u>(428,918)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23.33% (2012 - 24.67%)	(121,904)	(105,814)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	1,577	756
Capital allowances for year in excess of depreciation	42,708	(27,146)
Research and development expenditure credit	7,940	-
Unrelieved tax losses carried forward	89,601	176,798
Additional deduction for R&D expenditure	(11,982)	(44,594)
<b>Current tax charge for the year</b> (see note above)	<u>7,940</u>	<u>-</u>

The Group has tax losses carried forward of £1.9m (2012: £1.6m).

## Notes to the financial statements

For the year ended 30 November 2013

**8. Tangible fixed assets**

<b>Group</b>	<b>Plant &amp; machinery £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 December 2012	872,295	134,833	1,007,128
Additions	21,005	8,656	29,661
At 30 November 2013	<u>893,300</u>	<u>143,489</u>	<u>1,036,789</u>
<b>Depreciation</b>			
At 1 December 2012	374,192	113,151	487,343
Charge for the year	223,529	16,726	240,255
At 30 November 2013	<u>597,721</u>	<u>129,877</u>	<u>727,598</u>
<b>Net book value</b>			
At 30 November 2013	<u>295,579</u>	<u>13,612</u>	<u>309,191</u>
At 30 November 2012	<u>498,103</u>	<u>21,682</u>	<u>519,785</u>

<b>Company</b>	<b>Plant &amp; machinery £</b>	<b>Fixtures &amp; fittings £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 December 2012	872,295	134,833	1,007,128
Additions	21,005	8,656	29,661
At 30 November 2013	<u>893,300</u>	<u>143,489</u>	<u>1,036,789</u>
<b>Depreciation</b>			
At 1 December 2012	374,192	113,151	487,343
Charge for the year	223,529	16,726	240,255
At 30 November 2013	<u>597,721</u>	<u>129,877</u>	<u>727,598</u>
<b>Net book value</b>			
At 30 November 2013	<u>295,579</u>	<u>13,612</u>	<u>309,191</u>
At 30 November 2012	<u>498,103</u>	<u>21,682</u>	<u>519,785</u>



## Notes to the financial statements

For the year ended 30 November 2013

**12. Creditors:****Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	2013	2012	2013	2012
	£	£	£	£
Deferred income	80,018	203,582	80,018	203,582

**13. Share capital**

	2013	2012
	£	£
<b>Allotted, called up and fully paid</b>		
12,800,000 (2012 - 12,400,000) Ordinary shares of £0.10 (2012: £0.10) each	1,280,000	1,240,000

During the year 400,000 shares were issued for total consideration of £400,000. £360,000 has been credited to a share premium account as the excess of the consideration received over the nominal value of the shares issued.

**14. Reserves**

	Share premium account	Foreign exchange reserve	Profit and loss account
	£	£	£
<b>Group</b>			
At 1 December 2012	360,000	-	(706,768)
Loss for the financial year	-	-	(530,461)
Premium on shares issued during the year	360,000	-	-
Movement on foreign exchange	-	(360)	-
At 30 November 2013	720,000	(360)	(1,237,229)
<b>Company</b>			
At 1 December 2012	360,000	-	(706,768)
Loss for the financial year	-	-	(539,721)
Premium on shares issued during the year	360,000	-	-
At 30 November 2013	720,000	-	(1,246,489)

## Notes to the financial statements

For the year ended 30 November 2013

**9. Fixed asset investments**

Company	Investments in subsidiary companies £
Cost or valuation	
Additions	637
At 30 November 2013	637
Net book value	
At 30 November 2013	637
At 30 November 2012	-

Details of the principal subsidiaries can be found under note number 18.

**10. Debtors**

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	30,022	82,328	30,022	82,328
Amounts owed by group undertakings	-	-	4,664	-
Other debtors	272,329	367,799	272,329	367,799
Tax recoverable	26,581	-	26,581	-
	328,932	450,127	333,596	450,127

**11. Creditors:  
Amounts falling due within one year**

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	7,653	21,924	7,594	21,924
Other taxation and social security	19,198	34,521	19,198	34,521
Other creditors	197,064	468,821	197,158	468,821
	223,915	525,266	223,950	525,266

## Notes to the financial statements

For the year ended 30 November 2013

**15. Reconciliation of movement in shareholders' funds**

	2013	2012
Group	£	£
Opening shareholders' funds	893,232	922,150
Loss for the financial year	(530,461)	(428,918)
Shares issued during the year	40,000	40,000
Share premium on shares issued	360,000	360,000
Foreign currency exchange	(360)	-
	<u>762,411</u>	<u>893,232</u>
Closing shareholders' funds	<u>762,411</u>	<u>893,232</u>

	2013	2012
Company	£	£
Opening shareholders' funds	893,232	922,150
Loss for the financial year	(539,721)	(428,918)
Shares issued during the year	40,000	40,000
Share premium on shares issued	360,000	360,000
	<u>753,511</u>	<u>893,232</u>
Closing shareholders' funds	<u>753,511</u>	<u>893,232</u>

**16. Operating lease commitments**

At 30 November 2013 the group had annual commitments under non-cancellable operating leases as follows:

	2013	2012
Group	£	£
<b>Expiry date:</b>		
Within 1 year	14,145	-
Between 2 and 5 years	-	115,725
	<u>14,145</u>	<u>115,725</u>

The 2013 disclosure reflects the remaining commitment on the laboratory leases, which expire in April 2014.

# Notes to the financial statements

For the year ended 30 November 2013

## 17. Related party transactions

In 2008, Cyclofluidic Limited secured a £5.5m grant from the Technology Strategy Board ("TSB") micro and nanotechnology capital project fund, with investors Pfizer Limited and UCB Celltech. As part of the project the company has received "in-kind contributions" of labour and capital assets from both investors.

## 18. Principal subsidiaries

Company name	Country	Percentage Shareholding	Description
Cyclofluidic Inc	USA	100	Trading