

Company number 7087533

Pulmagen Therapeutics (Inflammation) Limited

report for the period ended 30 September 2019

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Company information

Directors

I F Kent (Chairman)
Dr S T Reeders
H A Slootweg

Dr C P Ashton
Dr H Finch
Dr M F Fitzgerald
C G Knox

Secretary

C G Knox

Bankers

Royal Bank of Scotland
Corporate Banking
280 Bishopsgate
London EC2M 4RB

Solicitors

Taylor Vinters LLP
Merlin Place
Milton Road
Cambridge CB4 0DP

Registered office

c/o MVM Partners LLP
30 St. George Street
London
W1S 2FH

Registered number

7087533 (England & Wales)

Directors' report

Company no. 7087533

The directors present their report and unaudited financial statements for the 18 months ended 30 September 2019.

Review of the business, future developments and going concern

The company became largely dormant from 20 September 2017 and closed its bank account in February 2020. The board intends to apply to have the company dissolved and the dissolution is expected to take place during 2020.

The company's forecasts show that it is able to fund its expenditure out of its existing cash resources and has no requirement to raise further capital. However, since the directors have decided to have the company dissolved, it is not appropriate to prepare the financial statements on a going concern basis and accordingly they are prepared on a break-up basis. However this change to the basis of preparation has no material effect on the financial statements.

Audit exemption

The directors have elected to take advantage of the exemption from audit available under section 477 of the Companies Act 2006 ('the Act') relating to small companies. Accordingly, the financial statements presented in this annual report are unaudited as is this report.

Result and dividends

The unaudited loss for the period was £56,788 (2018: £6,729). No dividend was paid or is recommended for the current year (2018: £nil).

Directors

The names of the present directors of the company and those that served during the year are shown below:

Dr C P Ashton	C G Knox
Dr H Finch	Dr S T Reeders
Dr M F Fitzgerald	H A Slootweg
I F Kent	

Indemnity in favour of directors

The company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities incurred by them in the execution of their duties as directors of the company.

Directors' report continued

Major interests in voting share capital

At 30 September 2019, the following persons (including their affiliates and connected persons) held an interest in 3% or more of the paid-up ordinary share capital of the company. No other class of share capital has voting rights in general meetings.

	Interest in paid-up ordinary share capital and fully diluted interest %
LPE II	41.3
Coöperatieve AAC LS U.A.	13.7
Esprit Nominees Limited	7.3
FCPR Genavent	7.2
Dr C P Ashton	5.4

LPE II, an Icelandic investment fund, acquired its shareholding from UK Medical Ventures Fund No. 1 and MVM International Life Sciences No.1 Limited Partnership during the year; Esprit Nominees Limited holds shares as nominee for venture capital funds managed in the UK by DFJ Esprit LLP; Coöperatieve AAC LS U.A. is a Dutch venture capital fund managed by Forbion Capital Partners; and FCPR Genavent is a French venture capital fund managed by Amundi Asset Management.

Statement of directors' responsibilities

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 period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Directors' report continued

Statement of directors' responsibilities continued

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

A handwritten signature in black ink, appearing to read 'Colin G Knox', written over a horizontal line.

Colin G Knox

Secretary

25 June 2020

Unaudited profit and loss account for the 18 months ended 30 September 2019

		18 months ended 30 September	Year ended 31 March
	Notes	2019 £	2018 £
Operating expenses			
Other external expenses		56,845	6,739
Net operating expenses		<u>56,845</u>	<u>6,739</u>
Operating loss and loss before tax	6	(56,845)	(6,739)
Interest receivable – other interest receivable		57	10
Loss before tax		<u>(56,788)</u>	<u>(6,729)</u>
Tax on loss	6	-	-
Loss for the financial period		<u>(56,788)</u>	<u>(6,729)</u>

All operations reflected in the profit and loss account above are continuing.

Unaudited statement of comprehensive income for the 18 months ended 30 September 2019

The company has no material items of comprehensive income other than those shown in the profit and loss account above.

Unaudited balance sheet
at 30 September 2019

Company no. 7087533

	Notes	30 September 2019 £	31 March 2018 £
Current assets			
Cash at bank and in hand		43,819	67,889
		<u>43,819</u>	<u>67,889</u>
Creditors: amounts falling due within one year	7	(38,336)	(5,618)
		<u>5,483</u>	<u>62,271</u>
Net current assets			
		<u>5,483</u>	<u>62,271</u>
Total assets less current liabilities and net assets			
		<u>5,483</u>	<u>62,271</u>
Capital and reserves			
Called-up share capital	9	4,117	4,117
Retained earnings		1,366	58,154
		<u>5,483</u>	<u>62,271</u>
Total equity			
		<u>5,483</u>	<u>62,271</u>

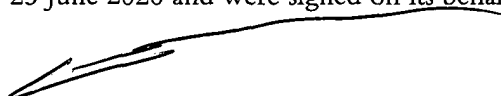
For the 18 month period ending 30 September 2019, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 ('the Act') relating to small

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Act.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board of directors on 25 June 2020 and were signed on its behalf by:



Colin G Knox
Director

Unaudited statement of changes in equity
for the 18 months ended 30 September 2019

	Share capital £	Retained earnings ¹ £	Total £
Balance at 1 April 2017	4,117	64,883	69,000
Loss for the financial year	-	(6,729)	(6,729)
Balance at 31 March 2018	4,117	58,154	62,271
Balance at 1 April 2018	4,117	58,154	62,271
Loss for the financial period	-	(56,788)	(56,788)
Balance at 30 September 2019	4,117	1,366	5,483

¹Retained earnings represents accumulated comprehensive income for the year and prior periods less dividends paid.

Unaudited cash flow statement
for the 18 months ended 30 September 2019

		18 months ended 30 September	Year ended 31 March
	Notes	2019 £	2018 £
Net pre-tax cash outflow from operating activities	5	(24,127)	(2,894)
Interest received		57	10
Net cash used by operating activities		(24,070)	(2,884)
Net decrease in cash and cash equivalents		(24,070)	(2,884)
Cash and cash equivalents at the beginning of the period		67,889	70,773
Cash and cash equivalents at the end of the period		43,819	67,889
Cash and cash equivalents consists of:			
Cash at bank and in hand		43,819	67,889

Notes to the unaudited financial statements for the 18 months ended 30 September 2019

1 General information

The company is a private company limited by shares which was incorporated under the Companies Act 2006 in the United Kingdom. It is registered in England and the address of its registered office is c/o MVM Partners LLP, 30 St. George Street, London, W1S 2FH.

2 Statement of compliance

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards as applicable to small companies, including paragraph 1A of Financial Reporting Standard 102, The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS 102) and the Companies Act 2006.

3 Principal accounting policies

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

Basis of preparation

As explained in the directors' report, the unaudited financial statements have been prepared on a break-up basis given the directors' intention to apply to have the company dissolved, and under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates and management's exercise of judgement in applying the company's accounting policies. There are no particular areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Foreign currencies

The financial statements are presented in pounds sterling, the company's functional currency. Transactions in other currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities not denominated in pounds sterling are retranslated at the rate of exchange ruling at the balance sheet date.

Foreign exchange gains and losses are taken to the profit and loss account in the period in which they arise.

Notes to the unaudited financial statements continued

3 Principal accounting policies continued

Interest and dividend income

Interest income is recognised using the effective interest rate method. Dividend and other similar investment income is recognised when the right to receive payment is established.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different to those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted or, where the deferred tax asset arises from current period tax losses, to the extent that such losses could be surrendered for research and development tax credits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Notes to the unaudited financial statements continued

3 Principal accounting policies continued

Investments

Investments are held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial instruments

The company has only basic financial assets and liabilities. The company has chosen to adopt Section 11 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in non-convertible preference shares and non-puttable ordinary shares, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method except for investments in non-convertible preference shares and non-puttable ordinary shares which are carried at cost.

At the end of each reporting period, financial assets measured at cost or amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed that which it would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Notes to the unaudited financial statements continued

3 Principal accounting policies continued

Financial instruments continued

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Share capital

The company's ordinary shares and preference shares, which place the company under no obligation to deliver cash or another financial asset to their holders except in the case of liquidation of the company, are classified as equity. Incremental costs directly attributable to the issue of new ordinary and preference shares are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

4 Directors' emoluments

The company has no employees; only its directors. No director received emoluments during the current or prior year.

Notes to the unaudited financial statements continued

5 Reconciliation of loss for the financial period to net pre-tax cash outflow from operating activities

	18 months ended 30 September 2019 £	Year ended 31 March 2018 £
Loss for the financial period	(56,788)	(6,729)
Net interest income	(57)	(10)
Operating loss and loss before tax	(56,845)	(6,739)
Decrease in debtors	-	1,499
Increase in creditors	32,718	2,346
Net pre-tax cash outflow from operating activities	(24,127)	(2,894)

6 Tax on loss - reconciliation of tax charge

	18 months ended 30 September 2019 £	Year ended 31 March 2018 £
Loss before tax	(56,788)	(6,729)
Loss on ordinary activities multiplied by the rate of UK corporation tax of 19% (2018: 19%)	(10,790)	(1,279)
Effects of:		
Net expenses not deductible for tax purposes	38	-
Losses carried forward not recognised as deferred tax asset	10,752	1,279
Tax charge for the period	-	-

7 Creditors: amounts falling due within one year

	30 September 2019 £	31 March 2018 £
Trade creditors	-	13
Accruals	38,336	5,605
	38,336	5,618

Notes to the unaudited financial statements continued

8 Financial instruments

	30 September 2019 £	31 March 2018 £
Financial liabilities measured at amortised cost:		
Trade creditors (see note 7)	-	13

The company has no financial assets (except cash) and no derivative financial instruments.

9 Share capital

	30 September 2019 Number	31 March 2018 Number	30 September 2019 £	31 March 2018 £
Authorised, allotted, called up and fully paid				
Ordinary shares of £0.0001 each	16,703,271	16,703,271	1,671	1,671
A Preference shares of £0.0001 each	17,020,680	17,020,680	1,702	1,702
B Preference shares of £0.0001 each	7,443,918	7,443,918	744	744
	41,167,869	41,167,869	4,117	4,117

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

There are two classes of preference shares which are not redeemable, carry no right to a dividend and have no right to vote other than in class meetings where preference shareholders have one vote per share. Preference shares rank ahead of ordinary shares on a winding up until an amount of £1 has been paid on each preference share. The A preference shares rank ahead of the B preference shares. Preference shareholders have no further rights on a winding up. In certain circumstances such as a winding-up, flotation or a sale of the company where the total distributions and proceeds to all shareholders exceed a certain amount, all or a proportion of the preference shares convert automatically into economically worthless deferred shares. Preference shares have been classified as an equity instrument and shown as a component of share capital.

10 Related party transactions

Two of the company's directors and the company are the members of Pulmagen Therapeutics LLP. The company therefore considers Pulmagen Therapeutics LLP to be a related party.

The company purchased the following management services from Pulmagen Therapeutics LLP.

	18 months ended 30 September 2019 £	Year ended 31 March 2018 £
Management services	45,890	2,428