

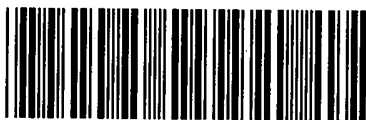
CANTAB ANTI-INFECTIVES LIMITED

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

TUESDAY

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CANTAB ANTI-INFECTIVES LIMITED

CORPORATE INFORMATION

Directors

John Mayo
Michael Dawson
Michael Earl
Richard Wolf-Garraway

Company secretary

Throgmorton Secretaries LLP

Registered Office and Number

4th Floor, Reading Bridge House
George Street
Reading
Berkshire RG1 8LS

Company Registration Number: 08217622

Independent Auditor

Grant Thornton UK LLP
Grant Thornton House
Melton Street
Euston Square
London NW1 2EP

CANTAB ANTI-INFECTIVES LIMITED

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CANTAB ANTI-INFECTIVES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report for the year ended 31 December 2015.

Directors of the company

The directors who served during the year and up until the date of this report are shown on page 2.

Result

The loss after tax of the group for 2015 was £1,269 (2014: £ 325)

Dividends

The directors do not recommend any dividend for the year (2014: £ nil).

Research and development

During 2015 the group employed 9 staff in its research and development activities. During this period the group invested £1.5 million in research and development activities to develop anti-infective products for affiliated companies in the Pro Bono Bio group.

Future developments

The activities of the company have been successful in developing a range of promising new chemical entities that are anti-infectives.

Events since the balance sheet date

On 6 June Pro Bono Bio PLC group entered into definitive arrangements with Spero, a US pharmaceutical company that specialises in the development of anti-infective molecules, to transfer Pro Bono Bio PLC group's gram negative intellectual property in this field in exchange for payments of deferred consideration and royalty payments conditional upon certain predefined events, including the successful development of products by Spero. As part of this arrangement the Company will continue to provide development services in the anti-infective field under contract to Spero for a transitional period of at least 6 months.

Financial instruments

The Company did not use derivative financial instruments during the year.

Going Concern

The company is currently loss making and as such is dependent on the support of its ultimate parent company, Pro Bono Bio PLC.

The Directors of Pro Bono Bio PLC have identified the cash flows needed for 2016, which they plan to obtain from borrowings or by issuing equity to current or new investors or from the sale of assets or the receipts from the sale of product distribution rights. Should these plans not result in the required cash and existing investors are unwilling to continue to provide support, the business may not be able to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the parent and hence the company's ability to continue as a going concern.

The Directors reasonably expect that the ultimate parent will be successful in raising the required debt or equity funding and therefore should have adequate resources to support the company for at least the next 12 months after the date of authorisation of these financial statements. Accordingly the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

CANTAB ANTI-INFECTIVES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Directors' liabilities

The company has granted an indemnity to each of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying indemnity provision remains in force as at the date of approving the Directors' report.

Political donations

The company has not made any political donations during the year.

Disabled employees

The company gives full consideration to applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Should existing employees become disabled, it is the company's policy to provide continuing employment wherever affordable and practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. All employees are encouraged to present their suggestions and views on the group's performance. Regular meetings are held between management and employees to allow a free flow of information and ideas.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor is Grant Thornton UK LLP.

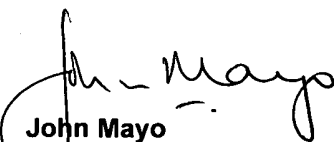
Disclosure of information to the auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Small companies exemptions

In preparing this report the directors have taken advantage of the small companies exemptions provided by sections 414B and 415A of the Companies Act 2006.

On behalf of the board of directors



John Mayo
Chairman
29 June 2016

CANTAB ANTI-INFECTIVES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

Directors' responsibilities statement

The directors are responsible for preparing the Report of the Directors 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 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 accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

CANTAB ANTI-INFECTIVES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTAB ANTI-INFECTIVES LIMITED

We have audited the financial statements of Cantab Anti-infectives Limited for the year ended 31 December 2015 which comprise the statements of financial position, the statements of total comprehensive income, and the statements of changes in equity and the related notes. The financial reporting framework that has been applied is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 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/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the company's affairs as at 31 December 2015 and of the loss for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

CANTAB ANTI-INFECTIVES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CANTAB ANTI-INFECTIVES LIMITED

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £1,269 during the year ended 31 December 2015 and, at that date, had a cash balance of £363,355 and was in a net liability position of £2,102. The Company is reliant on financial support from related group companies. Based on management's forecasts for the group, the group will need to obtain additional financing through borrowings or through the issuance of new equity or through the sale of assets or product distribution rights. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

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, 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.



Perry Burton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
29 June 2016

CANTAB ANTI-INFECTIVES LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

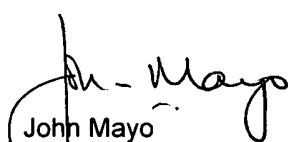
	Note	Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
Revenues		664,902	1,025,251
Other income		833,845	879,227
Total revenue and other income	2	1,498,747	1,904,478
Research and development costs		(1,514,956)	(1,805,161)
Gross (loss)/profit		(16,209)	99,317
General and administrative costs		(55,750)	(82,574)
Depreciation and amortisation	7	(15,184)	(16,741)
Total expenses		(70,934)	(99,315)
Operating (loss)/profit		(87,143)	2
Finance costs	5	(2,534)	(327)
Loss before income tax		(89,677)	(325)
Income tax credit	6	88,408	-
Loss for the financial year		(1,269)	(325)
		Year ended 31 Dec 2015 £	Year ended 31 Dec 2014 £
Loss for the financial year		(1,269)	(325)
Total comprehensive income for the year		(1,269)	(325)

The notes on pages 12 to 22 are an integral part of these financial statements.

CANTAB ANTI-INFECTIVES LIMITED**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015**

	Note	2015 £	2014 £
Non-current assets			
Property, plant and equipment	7	<u>10,595</u>	<u>24,281</u>
Current assets			
Trade and other receivables	8	181,279	288,906
Cash and cash equivalents		<u>363,355</u>	<u>56,044</u>
Total current assets		<u>544,634</u>	<u>344,950</u>
Total assets		<u>555,229</u>	<u>369,231</u>
Current liabilities			
Trade and other payables	9	<u>557,331</u>	<u>370,064</u>
		<u>557,331</u>	<u>370,064</u>
Total liabilities		<u>557,331</u>	<u>370,064</u>
Equity attributable to owners of the parent			
Share capital and share premium	10	100	100
Retained earnings		<u>(2,202)</u>	<u>(933)</u>
Total equity		<u>(2,102)</u>	<u>(833)</u>
Total equity and liabilities		<u>555,229</u>	<u>369,231</u>

The financial statements of Cantab Anti-Infectives Limited (registration number 08217622) on pages 12 to 22 were authorised for issue by the board of directors on 29 June 2016 and were signed on its behalf.


John Mayo
Chairman

Michael Earl
Director



The notes on pages 12 to 22 are an integral part of these financial statements.

CANTAB ANTI-INFECTIVES LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	Share capital £	Accumulated losses £	Total equity £
Balance at 1 January 2014		100	(608)	(508)
Loss for the financial year		-	(325)	(325)
Total comprehensive income for the year		-	(325)	(833)
Balance at 31 December 2014		100	(933)	(833)
Balance at 1 January 2015		100	(933)	(833)
Loss for the financial year		-	(1,269)	(1,666)
Total comprehensive income for the year		-	(1,269)	(1,269)
Balance at 31 December 2015		100	(2,202)	(2,102)

The notes on pages 12 to 22 are an integral part of these financial statements.

CANTAB ANTI-INFECTIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

INTRODUCTION

Cantab Anti-Infectives Limited ("CAI" or the "company") is principally engaged in the business of research and developing antibiotics for bacterial infection. The company is a limited liability company incorporated on 17 September 2012 and is domiciled in the United Kingdom.

1. Going concern

The company is currently loss making and as such is dependent on the support of its ultimate parent company, Pro Bono Bio PLC.

The Directors of Pro Bono Bio PLC have identified the cash flows needed for 2016, which they plan to obtain from borrowings or by issuing equity to current or new investors or from the sale of assets or the receipts from the sale of product distribution rights. Should these plans not result in the required cash and existing investors are unwilling to continue to provide support, the business may not be able to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the parent and hence the company's ability to continue as a going concern.

The Directors reasonably expect that the ultimate parent will be successful in raising the required debt or equity funding and therefore should have adequate resources to support the company for at least the next 12 months after the date of authorisation of these financial statements. Accordingly the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

ANALYSIS OF FIGURES IN THE FINANCIAL STATEMENTS

This section provides additional information about those individual line items in the financial statements that the directors consider most relevant in the context of the operations of the entity, including:

- accounting policies that are relevant for an understanding of the items recognised in the financial statements. These cover situations where the accounting standards either allow a choice or do not deal with a particular type of transaction;
- analysis and sub-totals, including segment information; and
- information about estimates and judgements made in relation to particular items.

CANTAB ANTI-INFECTIVES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****2. Revenues**

	Year ended 31 Dec 2015	Year ended 31 Dec 2014
	£	£
Sales	664,902	1,025,251
Other Income		
TSB Grant	593,170	879,227
NIAID Grant	240,675	-
	<u>833,845</u>	<u>879,227</u>
Total Revenue	<u>1,498,747</u>	<u>1,904,478</u>

Revenues of approximately £1.5 million (2014: £ 1.9 million) are derived from a combination of grants and research and development services provided to affiliated companies within the Pro Bono Bio group.

3. General and administrative costs

General and administrative costs include an amount accrued of £5,000 for auditor's remuneration for the 2015 audit of the company (2014 - £3,750).

4. Employee benefits

	Year ended 31 Dec 2015	Year ended 31 Dec 2014
	£	£
Wages and salaries	541,360	559,988
Social security costs	62,906	70,633
	<u>604,266</u>	<u>630,621</u>

The average number of personnel employed during the financial year was 9 (as at 31 December 2014: 9).

Remuneration paid by Cantab Anti-Infectives Limited to directors of the company is set out below. Directors who are also directors of the ultimate parent company Pro Bono Bio PLC did receive remuneration and that is presented at group level and in the accounts of the company that made the payments.

Directors remuneration

	2015	2014
	£	£
Aggregate remuneration	135,000	135,000
	<u>135,000</u>	<u>135,000</u>

CANTAB ANTI-INFECTIVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

5. Finance income and costs

	Year ended 31 Dec 2015	Year ended 31 Dec 2014
	£	£
Foreign currency result	(18)	(327)
Other finance/bank charges	(2,516)	-
Finance costs	<u>(2,534)</u>	<u>(327)</u>
 Net finance (costs)	 <u>(2,534)</u>	 <u>(327)</u>

6. Income tax expense

	Year ended 31 Dec 2015	Year ended 31 Dec 2014
	£	£
Current tax		
R&D tax credit adjustment in respect of prior year	(88,408)	-
Total current tax	<u>(88,408)</u>	<u>-</u>
Deferred tax (credit)	-	-
Income tax (credit)	<u>(88,408)</u>	<u>-</u>

The company has estimated losses of £ 247,969 (2014 - £247,715) available for carry forward against future trading profits.

	Year ended 31 Dec 2015	Year ended 31 Dec 2014
	£	£
Reconciliation of tax expense		
Loss before tax	(1,269)	(325)
Tax calculated at standard rate of UK corporation tax of 20.00% (2014: 21.50%)	(254)	(65)
Tax effects of:		
Permanent timing difference	(88,408)	-
Unrelieved tax losses (utilised)/carried forward	254	65
Tax credit	<u>(88,408)</u>	<u>-</u>

CANTAB ANTI-INFECTIVES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****7. Property, plant and equipment**

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
At 31 December 2013			
Cost or valuation	1,650	46,565	48,215
Accumulated depreciation	(963)	(14,414)	(15,377)
Net book amount	<u>687</u>	<u>32,151</u>	<u>32,838</u>
Year ended 31 December 2014			
Opening net book amount	687	32,151	32,838
Additions/movements	-	8,184	8,184
Depreciation charge	(687)	(16,054)	(16,741)
Closing net book amount	<u>-</u>	<u>24,281</u>	<u>24,281</u>
At 31 December 2014			
Cost or valuation	1,650	54,749	56,399
Accumulated depreciation	(1,650)	(30,468)	(32,118)
Net book amount	<u>-</u>	<u>24,281</u>	<u>24,281</u>
Year ended 31 December 2015			
Opening net book amount	-	24,281	24,281
Additions/movements	-	1,498	1,498
Depreciation charge	-	(15,184)	(15,184)
Closing net book amount	<u>-</u>	<u>10,595</u>	<u>10,595</u>
At 31 December 2015			
Cost or valuation	1,650	56,247	57,897
Accumulated depreciation and impairment	(1,650)	(45,652)	(47,302)
Net book amount	<u>-</u>	<u>10,595</u>	<u>10,595</u>

CANTAB ANTI-INFECTIVES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015****8. Trade and other receivables**

	2015	2014
	£	£
Trade receivables	158,875	8,853
Other Receivables	100	263,477
Prepaid Expense	22,304	16,576
	<u>181,279</u>	<u>288,906</u>

As at 31 December 2015 the CAI's trade receivables were fully performing. The company made no provision against non-performing receivables (2014: £ nil).

9. Trade and other payables

	2015	2014
	£	£
Trade payables	142,227	176,712
Amounts owed to group undertakings	152,007	30,354
Social security and other taxes	(512)	20,673
Accrued expenses	263,609	142,325
	<u>557,331</u>	<u>370,064</u>

10. Share capital and share premium

	Number of ordinary shares	Share capital £	Total £
At 31 December 2013	100	100	100
Issues during the year	-	-	-
At 31 December 2014	<u>100</u>	<u>100</u>	<u>100</u>
Issues during the year	-	-	-
At 31 December 2015	<u>100</u>	<u>100</u>	<u>100</u>

No ordinary shares have been issued during 2015.

CANTAB ANTI-INFECTIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

11. Critical accounting judgements and estimates

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

11.1 Critical judgements in applying the entities' accounting policies

The financial statements have been prepared on a going concern basis as stated in note 2.

11.2 Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

UNRECOGNISED ITEMS

This section of the notes provides information about items that are not recognised in the financial statements as they do not yet satisfy the recognition criteria.

12. Commitments

a) Capital commitments

At 31 December 2015 the Company had no outstanding capital commitments.

b) Operating lease commitments

Rental and operating lease payments were £121,533 for the year ended 31 December 2015 (2014: £121,524).

The Company leases offices under a non-cancellable operating lease agreement. At the balance sheet date, the Company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2015	2014
	£	£
Within one year	121,533	121,533
In the second to fifth years inclusive	30,383	151,916
	<u>151,916</u>	<u>273,449</u>

13. Contingent Liabilities

As at 31 December 2015 the company had no material contingent liabilities (2014: £ nil)

CANTAB ANTI-INFECTIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

14. Events after the reporting period

On 6 June Pro Bono Bio PLC group entered into definitive arrangements with Spero, a US pharmaceutical company that specialises in the development of anti-infective molecules, to transfer Pro Bono Bio PLC group's gram negative intellectual property in this field in exchange for payments of deferred consideration and royalty payments conditional upon certain predefined events, including the successful development of products by Spero. As part of this arrangement the Company will continue to provide development services in the anti-infective field under contract to Spero for a transitional period of at least 6 months.

OTHER INFORMATION

This section of the notes includes other information that must be disclosed to comply with the accounting standards and other pronouncements, but that is not immediately related to individual line items in the financial statements.

15. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries. Transactions entered into, and trading balances outstanding at 31 December with other related parties, are as follows:

The following transactions were carried out with related parties to Pro Bono Bio PLC and its subsidiaries.

<i>Related party</i>	Sales to related party	Purchases from related parties	Amounts owed by related party	amounts owed to related party
	£	£	£	£
2014	41,729	-	-	484
2015	62,630	-	20	-

16. Ultimate Group undertaking

The Company's immediate parent is PBB (Malta) Ltd and the ultimate parent undertaking is Pro Bono Bio PLC. The company is included within these group accounts which are publicly available. Copies of the group financial statements of Pro Bono Bio PLC are available at 4th Floor Reading Bridge House, George Street, Reading RG1 8LS.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

17. Summary of significant 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.

17.1 Basis of preparation of the financial statements

The financial statements of Cantab Anti-Infectives Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 11.

The comparatives relate to the year ending on 31 December 2015. All amounts in sterling unless stated otherwise.

The company meets the definition of qualifying entity under the FRS100 Application of financial reporting requirements. Accordingly, in the year ended 31 December 2015, the Company has changed its accounting framework from UK GAAP to FRS101. In doing so, the Company has applied the requirements of IFRS 1.6 -33 and related appendices. These financial statements were prepared in accordance with FRS 101 Reduced Disclosure Framework, as issued by the Financial Reporting Council.

Adoption of new and revised standards

As explained above, the Company has adopted FRS 101 for the first time in the current year. As part of this adoption, the following Standards and Interpretation have been adopted in the current year. The application of these Standards and Interpretations has not had a material effect on the Company.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial Instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
 - (iii) paragraph 118(e) of IAS 38 Intangible assets (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 40A-D (requirements for a third statement of financial position)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

CANTAB ANTI-INFECTIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

17.4 Trade and other receivables

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

Trade receivables are recognised and carried at fair value.

Receivables from related parties are recognised and carried at cost less an allowance for any non-collectable amounts.

17.5 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

17.6 Share capital

Ordinary shares are classified as equity. Ordinary share capital is recognised at the nominal value of the consideration received. Any difference between the fair value of the consideration received and the nominal value of the issued shares is recognised as share premium, after deducting related financing costs.

17.7 Trade payables

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

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

17.8 Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income. 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 income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

17.9 Employee benefits

(a) Profit sharing and bonus plans

The company recognises a liability and an expense for bonuses. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The company recognises termination benefits at the earlier of the following dates: (a) when the company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

17.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services supplied in the normal course of business, net of discounts, VAT and other sales related taxes. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity.

No element of financing is deemed present as the sales are made with credit terms of up to 60 days, which is consistent with the market practice.

17.11 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

17.12 Research and development costs

Research and development costs are written off to the profit and loss account in the year in which they are incurred.

18. Explanation of transition to FRS 101

This is the first year that the Company has presented its financial statements under FRS 101 Financial reporting standard 101 issued by the Financial Reporting Council. The last financial statements under UK GAAP were for the period ended 31 December 2014 and the date of transition for FRS 101 was therefore 1 January 2015.

There were no adjustments to the profit/loss or retained earnings reported for the year ended 31 December 2014 that were required as a result of the transition to FRS101. There were however some reclassifications of the figures reported in the 2014 financial statements in order to properly comply with the requirements of FRS101.