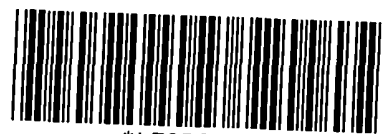


CANTAB ANTI-INFECTIVES LIMITED

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

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COMPANIES HOUSE

CANTAB ANTI-INFECTIVES LIMITED

CORPORATE INFORMATION

Directors

John Mayo (resigned on 29 May 2017)
Michael Dawson (resigned on 01 May 2018)
Michael Earl (resigned on 01 June 2018)
Richard Wolf-Garraway
Biresh Roy (appointed on 01 June 2018)

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
30 Finsbury Square
London EC2A 1AG

CANTAB ANTI-INFECTIVES LIMITED

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CANTAB ANTI-INFECTIVES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report for the year ended 31 December 2017.

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 profit after tax of the company for 2017 was £136,760 (2016: profit £49,908)

Dividends

The directors do not recommend any dividend for the year (2016: £ nil).

Research and development

During 2017 the group employed 8 staff in its research and development activities. During this period the company invested £1.1 million in research and development activities to develop anti-infective products.

On 5 November 2017 the company closed its research and development facilities and has ceased to undertake activities relating to anti-infective products.

Future developments

The company has ceased operations and is currently non-trading. The directors of the company are reviewing its future.

Going Concern

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

The directors have reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have received confirmation of continued support from the group. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

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.

CANTAB ANTI-INFECTIVES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

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

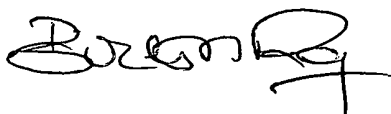
The company operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. All employees are encouraged to present their suggestions and views on the group's performance. Periodic meetings are held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

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

Biresh Roy
Director
27 June 2018

CANTAB ANTI-INFECTIVES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

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 UK Generally Accepted Accounting Practice (UKGAAP), including FRS101 '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 and 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 UK Accounting Standards have been followed
- 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.

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for preparing the annual report in accordance with applicable law and regulations. The directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the company's performance, business model and strategy and is fair, balanced and understandable.

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

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 (the 'company') for the year ended 31 December 2017 which comprise the Statement of Total Comprehensive Income, Statement of Financial Position and Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Who we are reporting to

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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

CANTAB ANTI-INFECTIVES LIMITED

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors for the financial statements

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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



Christopher Smith
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
23 June 2018

CANTAB ANTI-INFECTIVES LIMITED
STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

		Year ended 31 Dec 2017	Year ended 31 Dec 2016
	Note	£	£
Revenues		437,905	384,228
Other income		679,933	941,098
Total revenue and other income	2	1,117,838	1,325,326
Research and development costs		(931,110)	(1,390,827)
Gross Profit/(loss)		186,728	(65,501)
General and administrative costs		(89,941)	(5,555)
Depreciation and amortisation	7	(1,458)	(9,137)
Total expenses		(91,399)	(14,692)
Operating profit/(loss)		95,329	(80,193)
Finance income	5	9,571	10,031
Finance costs	5	(17,675)	(73,896)
Profit/(loss) before income tax		87,225	(144,058)
Income tax credit	6	49,535	193,966
Profit for the financial year		136,760	49,908
		Year ended 31 Dec 2017	Year ended 31 Dec 2016
		£	£
Profit for the financial year		136,760	49,908
Total comprehensive income for the year		136,760	49,908

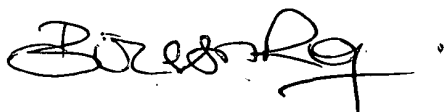
All revenue and profit for the financial year arose from discontinued activities.

The notes on pages 12 to 23 are an integral part of these financial statements.

CANTAB ANTI-INFECTIVES LIMITED**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017**

	Note	2017 £	2016 £
Non-current assets			
Property, plant and equipment	7	-	1,458
Current assets			
Trade and other receivables	8	18,621	587,733
Corporate tax		160,356	110,822
Cash and cash equivalents		81,092	53,763
Total current assets		260,069	752,318
Total assets		260,068	753,776
Current liabilities			
Trade and other payables	9	75,503	705,970
		75,503	705,970
Total liabilities		75,503	705,970
Equity attributable to owners of the parent			
Share capital and share premium	10	100	100
Retained earnings		184,466	47,706
Total equity		184,566	47,806
Total equity and liabilities		260,069	753,776

The financial statements of Cantab Anti-Infectives Limited (registration number 08217622) on pages 9 to 23 were authorised for issue by the board of directors on 27 June 2018 and were signed on its behalf.



Biresh Roy
Director



Richard Wolf-Garraway
Director

The notes on pages 12 to 23 are an integral part of these financial statements.

CANTAB ANTI-INFECTIVES LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017**

	Share capital £	Profit and loss reserve £	Total equity £
Balance at 1 January 2016	100	(2,202)	(2,102)
Total comprehensive income for the year	-	49,908	49,908
Balance at 31 December 2016	100	47,706	47,806
Balance at 1 January 2017	100	47,706	47,806
Total comprehensive income for the year	-	136,760	136,760
Balance at 31 December 2017	100	184,466	184,566

Profit and loss reserve is accumulated profits and losses for each financial year.

The notes on pages 12 to 23 are an integral part of these financial statements.

CANTAB ANTI-INFECTIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

Cantab Anti-Infectives Limited (the "company") is principally engaged in the business of research and development of 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 historically has been loss making and as such is dependent on the support of its ultimate parent company, Pro Bono Bio PLC.

The directors have reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future and have received confirmation of continued support from the group. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

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.

2. Revenues

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
	£	£
Sales	437,905	384,228
Other Income		
TSB research grant	93,850	-
NIAID grant	586,084	941,098
	<u>679,933</u>	<u>941,098</u>
Total Revenue	<u><u>1,117,838</u></u>	<u><u>1,325,326</u></u>

Revenues of approximately £1.1 million (2016: £ 1.3 million) are derived from a combination of research grants and research and development services provided to third parties and 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 2017 audit of the company (2016 - £5,000).

CANTAB ANTI-INFECTIVES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****4. Employee benefits**

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
	£	£
Wages and salaries	409,872	501,085
Social security costs	76,929	60,157
	<u>486,801</u>	<u>561,241</u>

The average number of personnel employed during the financial year was 8 (as at 31 December 2016: 8).

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

	2017	2016
	£	£
Aggregate remuneration	<u>177,479</u>	<u>144,875</u>
	<u>177,479</u>	<u>144,875</u>

5. Finance income and costs

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
	£	£
Other finance/bank charge	9,571	-
Foreign exchange gain	-	10,031
Finance income	<u>9,571</u>	<u>10,031</u>
Foreign exchange loss	(17,675)	-
Other finance/bank charges	-	(73,896)
Finance costs	<u>(17,675)</u>	<u>(73,896)</u>
Net finance (costs)	<u>(8,104)</u>	<u>(63,865)</u>

CANTAB ANTI-INFECTIVES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****6. Income tax expense**

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
	£	£
Current tax		
R&D Tax Credit 2017	(80,209)	(110,822)
R&D tax credit adjustment in respect of prior year	30,674	(83,144)
Total current tax	<u>(49,535)</u>	<u>(193,966)</u>
Deferred tax (credit)	-	-
Income tax (credit)	<u><u>(49,535)</u></u>	<u><u>(193,966)</u></u>

The company has estimated losses of £ 183,359 (2016 - £183,359) available for carry forward against future trading profits.

	Year ended 31 Dec 2017	Year ended 31 Dec 2016
	£	£
Reconciliation of tax expense		
Profit/(loss) before tax	136,761	49,908
Tax calculated at standard rate of UK corporation tax of 19% (2016: 20%)	25,985	9,982
Tax effects of:		
R&D tax credit	(49,535)	(193,966)
Unrelieved tax losses (utilised)/carried forward	(25,985)	(9,982)
Tax credit	<u><u>(49,535)</u></u>	<u><u>(193,966)</u></u>

CANTAB ANTI-INFECTIVES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

7. Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
At 31 December 2015			
Cost or valuation	1,650	56,247	57,897
Accumulated depreciation	(1,650)	(45,652)	(47,302)
Net book amount	-	10,595	10,595
Year ended 31 December 2016			
Opening net book amount	-	10,595	10,595
Depreciation charge	-	(9,137)	(9,137)
Closing net book amount	-	1,458	1,458
At 31 December 2016			
Cost or valuation	1,650	56,247	57,897
Accumulated depreciation	(1,650)	(54,789)	(56,439)
Net book amount	-	1,458	1,458
Year ended 31 December 2017			
Opening net book amount	-	1,458	1,458
Depreciation charge	-	(1,458)	(1,458)
Closing net book amount	-	-	-
At 31 December 2017			
Cost or valuation	1,650	56,247	57,897
Accumulated depreciation and impairment	(1,650)	(56,247)	(57,897)
Net book amount	-	-	-

CANTAB ANTI-INFECTIVES LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****8. Trade and other receivables**

	2017	2016
	£	£
Trade receivables	6,600	212,111
Other Receivables	100	100
Prepaid Expense	-	10,653
Social security and other taxes	11,921	27,440
Amounts owed by group undertakings	-	337,429
	<u>18,621</u>	<u>587,733</u>

In 2017 the company made a provision against non-performing receivables of £nil (2016: £70,945).

9. Trade and other payables

	2017	2016
	£	£
Trade payables	7,217	194,881
Accrued expenses and other payables	68,286	511,089
	<u>75,503</u>	<u>705,969</u>

10. Share capital and share premium

	Number of ordinary shares	Share capital £	Total £
Ordinary shares of £1 each at 31 December 2015, 2016, and 2017	<u>100</u>	<u>100</u>	<u>100</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 1.

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. There are no 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.

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 2017 the company had no outstanding capital commitments.

b) Operating lease commitments

Rental and operating lease payments were £106,729 for the year ended 31 December 2017 (2016 £121,533).

At the Statement of Financial Position date, the company had outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2017	2016
	£	£
Within one year	-	30,383
In the second to fifth years inclusive	-	-
	<u>-</u>	<u>30,383</u>

13. Contingent Liabilities

As at 31 December 2017 the company had no material contingent liabilities (2016: £ nil)

CANTAB ANTI-INFECTIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

14. Events after the reporting period

After the reporting date there were no events to report.

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.

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

	Sales to related party	Amounts owed by related party
	£	£
2016	3,583	1,896
2017	1,932	-

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 the consolidated accounts of its ultimate parent which are publicly available. Copies of the consolidated 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 2017**

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 2016. All amounts are in sterling unless stated otherwise.

The company's financial statements are included in the Pro Bono Bio PLC consolidated financial statements for the year ended 31 December 2017. The company is exempt, under Section 400 of the Companies Act 2006, from the preparation of consolidated financial statements because it is included in the Annual Report and Financial of its ultimate parent. These financial statements are separate financial statements.

Adoption of new and revised standards

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

- IFRS 7, 'Financial Instruments': Disclosures other than disclosures required for recording financial instruments at fair value.
 - 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)
 - 111 (cash flow statement information); and
 - 134-136 (capital management disclosures).
 - IAS 7, 'Statement of cash flows'.
 - Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
-

CANTAB ANTI-INFECTIVES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the company. These are summarised below:

- IFRS 9 Financial Instruments: IFRS 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities and introduces new rules for hedge accounting. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. The standard is effective for accounting periods beginning on or after 1 January 2018. This standard is expected to have no material impact on the company's financial statements.
- IFRS 15 Revenue from Contracts with Customers: The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The standard is effective for annual periods beginning on or after 1 January 2018. This standard is expected to have no material impact on the company's financial statements.
- IFRS 16 Leases: IFRS 16 specifies how companies will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. IFRS 16 applies to annual reporting periods beginning on or after 1 January 2019. This standard is expected to have no material impact on the company's financial statements.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. As these amendments merely clarify the existing requirements, they do not affect the company's accounting policies or any of the disclosures.

17.2 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the company are measured using £ sterling.

(b) Transactions and balances

Foreign currency transactions are translated into £ sterling using the exchange rates prevailing at the dates of the transactions or dates of valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies.

17.3 Property, plant and equipment

Plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation on assets is calculated so as to write off their costs, less estimated residual values, over their useful economic lives, as follows:

Fixtures, fittings and equipment - 3 to 5 years, straight-line basis

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Depreciation commences when assets are ready for use.

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. 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 good 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 and 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 90 days, which is consistent with the market practice.

Grant revenue is recognised when the contractual conditions for milestone entitlement to such revenue have been met.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

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 cost are written off to the profit and loss account in the year in which they are incurred.

17.13 Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (primarily currency risk), credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

a) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from recognised assets and liabilities.

The company does not enter into derivative financial instruments to hedge its foreign currency risk.

b) Credit risk

Credit risk is managed at group level, including credit risk relating to accounts receivable balances. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to outstanding receivables and committed transactions.

For banks and financial institutions, normally the company seeks to deal only with independently rated parties. Typically the company's customers are not independently rated. Where there is no independent rating, the central finance function assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored by the central finance function.

c) Liquidity risk

The company's liquidity risk relates mainly to its continuing need to raise sufficient funding to support its operations and finance its corporate expenses.

The maturity of financial assets and liabilities are discussed in the specific asset and liability footnotes.