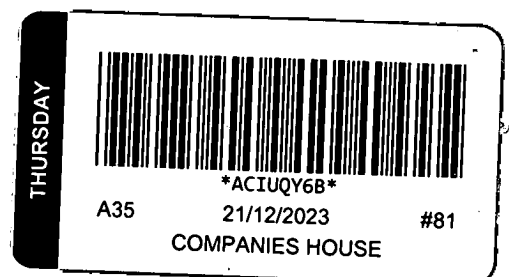


Company registration number 08217622 (England and Wales)

**ASCENSION HEALTHCARE DEVELOPMENT LIMITED**  
**UNAUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2021**



ASCENSION HEALTHCARE DEVELOPMENT LIMITED

FINANCIAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Company Registration Number: 08217622

ASCENSION HEALTHCARE DEVELOPMENT LIMITED

CORPORATE INFORMATION

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**Directors**

Biresh Roy  
Richard Wolf-Garraway

**Registered Office and Number**

4th Floor Phoenix House,  
1 Station Hill,  
Reading,  
Berkshire,  
United Kingdom,  
RG1 1NB

Company Registration Number: 08217622

## ASCENSION HEALTHCARE DEVELOPMENT LIMITED

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## ASCENSION HEALTHCARE DEVELOPMENT LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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The directors present their report for the year ended 31 December 2021.

#### Directors of the company

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

Biresh Roy  
Richard Wolf-Garraway.

#### Result

The loss after tax of the Company for 2021 was £1,911,237 (2020: loss £1,692,193).

#### Dividends

The directors do not recommend any dividend for the year (2020: £ nil).

#### Business Review

Ascension Healthcare Development Limited engages in the research and development of innovative therapies for the treatment of haemophilia and osteoarthritis. The Company's haematology programmes are in clinical development and targeted at Haemophilia A patients (those suffering from a deficiency of blood clotting Factor VIII).

#### Research and development

During the year research and development expenditure of £2,525,496 was incurred (2020: £2,223,416).

#### Future developments

The directors expect to continue to invest in the development of healthcare products.

#### Principal risks and uncertainties

The principal risks and uncertainties faced by the Company and kept under review by the board of the Company have been summarised below.

The Company is currently loss making but is dependent on the support of its ultimate parent company, Ascension Healthcare Plc. The directors and management take the view that the Company, with support from its parent and its key shareholders and lenders, would have adequate resources to continue in operational existence for at least 12 months after the date of approval of these financial statements, and continue to adopt the going concern basis of accounting in preparing the financial statements, details of which are set out in note 1 to the financial statements.

The lockdowns initiated by the UK Government in 2020 continuing into 2021 and other national governments at differing times to contain the spread of COVID-19 has had, in common with other businesses, an impact.

## ASCENSION HEALTHCARE DEVELOPMENT LIMITED

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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#### 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.

#### 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.

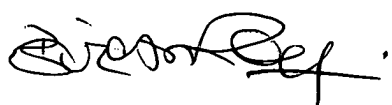
#### Employee involvement

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 Company's performance. Periodic meetings are held between management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the Company's bonus schemes and are entitled to participate in its ultimate parent company's share option scheme.

#### 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  
20 December 2023

**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' 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 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 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.

ASCENSION HEALTHCARE DEVELOPMENT LIMITED

STATEMENT OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Year ended 31 Dec 2021 £	Year ended 31 Dec 2020 £
Research and development costs		<u>(2,525,496)</u>	<u>(2,223,416)</u>
<b>Gross loss</b>		<u>(2,525,496)</u>	<u>(2,223,416)</u>
Research and development costs			
General and administrative costs	2	<u>(10,240)</u>	<u>(4,450)</u>
Total expenses		<u>(10,240)</u>	<u>(4,450)</u>
<b>Operating loss</b>		<u>(2,535,736)</u>	<u>(2,227,866)</u>
Other income/(expense)	4	29,933	(13,432)
Finance costs	5	(6,939)	(7,546)
Loss before income tax		<u>(2,512,743)</u>	<u>(2,248,844)</u>
Income tax credit	6	601,506	556,650
<b>Loss for the financial year</b>		<u><u>(1,911,237)</u></u>	<u><u>(1,692,193)</u></u>
		<b>Year ended 31 Dec 2021 £</b>	<b>Year ended 31 Dec 2020 £</b>
<b>Loss for the financial year</b>		<u>(1,911,237)</u>	<u>(1,692,193)</u>
<b>Total comprehensive loss for the year</b>		<u><u>(1,911,237)</u></u>	<u><u>(1,692,193)</u></u>

Other comprehensive income for both years is nil and all activities are continuing operations.

The notes on pages 11 to 19 are an integral part of these financial statements.



ASCENSION HEALTHCARE DEVELOPMENT LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
<b>Non-current assets</b>			
Property, plant and equipment	7	-	-
<b>Current assets</b>			
Trade and other receivables	8	23,823	23,761
Corporate tax		188,292	770,800
Cash and cash equivalents		1,109,826	12,402
Total current assets		1,321,941	806,963
<b>Total assets</b>		1,321,941	806,963
<b>Current liabilities</b>			
Trade and other payables	9	8,351,065	5,924,850
		8,351,065	5,924,850
<b>Total liabilities</b>		8,351,065	5,924,850
<b>Equity attributable to owners of the parent</b>			
Share capital	10	100	100
Retained earnings		(7,029,224)	(5,117,987)
<b>Total equity</b>		(7,029,124)	(5,117,887)
<b>Total equity and liabilities</b>		1,321,941	806,963

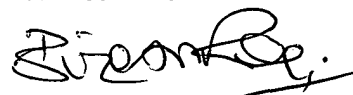
For the financial year ended 31 December 2021 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

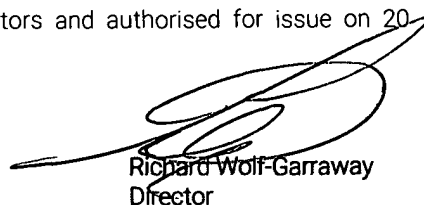
The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved and signed by the directors and authorised for issue on 20 December 2023



Biresh Roy  
Director



Richard Wolf-Garraway  
Director

Company registration number 08217622

The notes on pages 11 to 19 are an integral part of these financial statements.

ASCENSION HEALTHCARE DEVELOPMENT LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital £	Profit and loss reserve £	Total equity £
Balance at 1 January 2020	100	(3,425,794)	(3,425,694)
Total comprehensive loss for the year	-	(1,692,193)	(1,692,193)
Balance at 31 December 2020	100	(5,117,987)	(5,117,887)
Balance at 1 January 2021	100	(5,117,987)	(5,117,887)
Total comprehensive loss for the year	-	(1,911,237)	(1,911,237)
Balance at 31 December 2021	100	(7,029,224)	(7,029,124)

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

The notes on pages 11 to 19 are an integral part of these financial statements.

## ASCENSION HEALTHCARE DEVELOPMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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#### INTRODUCTION

Ascension Healthcare Development Limited (the "Company") was principally engaged in the business of research and development of healthcare products. 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, Ascension Healthcare Plc.

During 2019, Ascension Healthcare Plc ("Ascension"), the group and Company's ultimate parent undertaking, drew down £7.4m under the existing secured Loan agreement. In August 2020, Ascension raised £9.3m under an unsecured Convertible Loan Agreement (CLA) with the British Business Bank's Future Fund and internal investors. The Directors are confident that with the group's business plan, cash generated from Flexiseq and Equiseq sales and this further financing, combined with the discretionary nature of spend associated with the Haemophilia A activities whereby management retain the ability to regulate cash burn, the group will have a cash reach to continue its Flexiseq and Equiseq business and carry out its Haemophilia A clinical and pre-clinical programmes.

The Company recorded a loss of £1,911,237 for the year to 31 December 2021 and the group is reliant on the funding from the secured Loan and the unsecured CLA.

The directors and management believe that the Company, with support from its parent company, would have adequate resources to continue in operational existence for at least 12 months after the date of approval of these financial statements, and continue to adopt the going concern basis of accounting in preparing the financial statements. Accordingly, the Company financial statements do not include the adjustments that would be required if the Company were unable to continue as a going concern.

#### 2. General and administrative costs

	Year ended 31 Dec 2021	Year ended 31 Dec 2020
	£	£
Management and administrative costs	5,101	10,410
Professional fees	5,139	(5,960)
	<u>10,240</u>	<u>4,450</u>

#### 3. Employee benefits

No employee benefits were paid in 2021 (2020: £nil)

The average number of personnel employed during the financial year was Nil (as at 31 December 2020: Nil).

No remuneration was paid by Ascension Healthcare Development Limited to directors, who are the only employees, of the Company. Directors of the ultimate parent company Ascension Healthcare Plc did receive remuneration and that is presented in the accounts of that company.

**ASCENSION HEALTHCARE DEVELOPMENT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**4. Other income and expense**

	Year ended 31 Dec 2021 £	Year ended 31 Dec 2020 £
Foreign exchange gain/(loss)	29,933	(13,432)
	<u>29,933</u>	<u>(13,432)</u>

**5. Finance costs**

	Year ended 31 Dec 2021 £	Year ended 31 Dec 2020 £
Bank charges	(6,939)	(7,546)
	<u>(6,939)</u>	<u>(7,546)</u>

**6. Income tax credit**

	Year ended 31 Dec 2021 £	Year ended 31 Dec 2020 £
Current tax		
R&D Tax Credit provision	(601,506)	(556,650)
Income tax (credit)	<u>(601,506)</u>	<u>(556,650)</u>

	Year ended 31 Dec 2021 £	Year ended 31 Dec 2020 £
<b>Reconciliation of tax credit</b>		
Loss before tax	(2,512,743)	(1,692,193)
Tax calculated at standard rate of UK corporation tax of 19% (2020: 19%)	(477,421)	(321,517)
Tax effects of:		
R&D tax credit	(601,506)	(556,650)
Unrelieved tax losses carried forward	477,421	321,517
<b>Tax credit</b>	<u>(601,506)</u>	<u>(556,650)</u>

The Company has estimated losses of £2,546,480 (2020 - £1,924,705) available for carry forward against future trading profits.

# ASCENSION HEALTHCARE DEVELOPMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

In the Spring Budget 2021, the Government announced that from 1 April 2023 the corporation tax rate would rise to 25%. As the proposal to raise the rate at 25% from April 2023 had not been substantively enacted at the balance sheet date, its effects are not included in these financial statements.

### 7. Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and equipment £	Total £
<b>At 31 December 2020 and 2021</b>			
Cost or valuation	1,650	56,247	57,897
Accumulated depreciation	(1,650)	(56,247)	(57,897)
Net book amount	-	-	-

### 8. Trade and other receivables

	2021 £	2020 £
Other Receivables	100	100
Other taxes	17,305	16,971
Amounts owed by group undertakings	6,418	6,690
	<u>23,823</u>	<u>23,761</u>

In 2021 the Company made a provision against non-performing receivables of £nil (2020: £nil).

### 9 Trade and other payables

	2021 £	2020 £
Trade payables	2,938	2,703
Accrued expenses and other payables	221,300	239,440
Amounts owed to group undertakings	8,126,827	5,682,707
	<u>8,351,065</u>	<u>5,924,850</u>

### 10. Share capital

	Number of ordinary shares	Share capital £	Total £
Ordinary shares of £1 each at 31 December 2019, 2020, and 2021	<u>100</u>	<u>100</u>	<u>100</u>

## **ASCENSION HEALTHCARE DEVELOPMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **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.

#### **12. Commitments**

##### **a) Cross guarantee**

On 27 March 2017, Ascension Healthcare Plc ("Ascension"), the ultimate parent company of the Company, entered into an assignment and amendment agreement with Knight Therapeutics (the provider of Ascension's borrowings up until then) and Fonds Rusnano Capital SA ("Rusnano") whereby the loan advanced by Knight Therapeutics pursuant to a loan agreement dated 25 June 2015 (the "Loan Agreement") was assigned to Rusnano, which is a party related to the group. The loan principal amounted to US\$ 13,125,000.

On 11 May 2017, Ascension entered a supplemental agreement with Rusnano, whereby Rusnano made additional loans to Ascension of £660,000 and £2,340,000. The loans were drawn in full on 2 June 2017. In addition, on 4 August 2017, Rusnano made a further secured loan of £750,000 to Ascension. On 21 December 2017, Ascension entered into a supplemental Loan Agreement with Rusnano under which Rusnano and certain shareholders agreed to make an additional loan to AHP totalling £2,750,000. All loans are governed by the aforementioned Loan Agreement including benefiting from all security provided by Ascension pursuant to such agreement.

Ascension drew down a further £2.876m on 13 December 2018 and £7.35m between 4 and 31 October 2019 on the same terms as above and the loan covenants have been renegotiated.

As part of the above arrangements, the Company has guaranteed Ascension's obligations in connections with this financing and granted security over its assets to Rusnano.

##### **b) Operating lease commitments**

At 31 December 2021 the Company had no outstanding operating lease commitments.

#### **13. Contingent Liabilities**

As at 31 December 2021 the Company had no material contingent liabilities (2020: £ nil)

## **ASCENSION HEALTHCARE DEVELOPMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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#### **14. Events after the reporting period**

No adjusting or significant non-adjusting events have occurred between the 31 December reporting date and the date of authorisation.

#### **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.

#### **16. Ultimate Group undertaking**

The Company's immediate parent is PBB (Malta) Ltd and the ultimate parent undertaking is Ascension Healthcare Plc.

#### **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 Ascension Healthcare Development 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 2020. All amounts are in sterling unless stated otherwise.

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**

There are no amendments to existing standards which were effective from 1 January 2021 that have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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.

## ASCENSION HEALTHCARE DEVELOPMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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- 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).
- 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.
- 

#### 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 |
|----------------------------------|-------------------------------------|



## **ASCENSION HEALTHCARE DEVELOPMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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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 amortised cost.

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 statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

#### **17.6 Share capital**

Ordinary shares are classified as equity. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held.

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.

## ASCENSION HEALTHCARE DEVELOPMENT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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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 substantially 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 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 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.

#### 17.10 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.

#### 17.11 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 Company'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.

## **ASCENSION HEALTHCARE DEVELOPMENT LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

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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.