

Accentus Cardiac Ltd
Annual report and financial statements
for the period ended 31 March 2017

Company information

Directors

Brian Howlett
Philip Agg
David Marson

Company Secretary

David Marson

Registered office

528.10, Unit 2
Rutherford Avenue
Harwell Oxford
Didcot
Oxfordshire
OX11 0DF
Registered in England: 08594777

Principal place of business

528.10, Unit 2
Rutherford Avenue
Harwell Oxford
Didcot
Oxfordshire
OX11 0DF
Tel: 01235 828271

Bankers

NatWest Bank
Minns Business Park
7 West Way
Willow Court
Oxford
OX2 0JB

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Annual report and financial statements for the period ended 31 March 2017

Directors' report for the period ended 31 March 2017

The directors present their report and the financial statements for the period 1 October 2016 to 31 March 2017. This report has taken the small companies exemption to not prepare a strategic report in accordance with Section 414B of the Companies Act 2006.

Principal activities

Accentus Cardiac Ltd develops and exploits intellectual property.

Principal risks and uncertainties

Accentus Cardiac Ltd is dependent on technical applicability and cost effectiveness of the Agluna(r) technology licenced from another group company, Accentus Medical Ltd. A number of Accentus Medical's technologies already have regulatory approvals and are being commercially deployed by the company's implant customers. Significant financial resources have been committed over recent periods in demonstrating the safety and efficacy of these technologies such that further regulatory approvals can be secured by licensees of this technology in the short-to-medium term. However, there is no guarantee that further regulatory approvals will be secured.

Future company performance also depends on securing licensing and service arrangements with suitable commercial partners in the company's target markets, such that technologies can progress to full commercialisation. Good progress is also being made towards commercialising Agluna(r) in the short to medium term, although the timing of commercialisation pathways cannot be forecast with certainty at this stage

Results and dividends

The loss for the period is set out on page 3. The directors do not recommend the payment of a dividend.

Funding arrangements

The directors, having carefully reviewed the Company's funding requirements and sources of financial support, believe that the company is able to meet its financial obligations for the foreseeable future and for at least twelve months from the date of approval of the financial statements. Accordingly, the financial statements of the company have been prepared on a going concern basis.

Directors

The directors who held office during the period, all of whom have served throughout the period unless otherwise stated, are given below:

P. J. Agg
B Howlett
D Marson

Statement of directors' responsibilities in respect of the directors' report and the financial 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 period. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless he is 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:

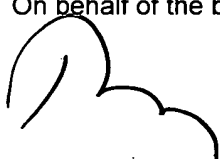
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Qualifying third party indemnity provision

At the time the report is approved and during the period qualifying third party indemnity insurance is in place for the benefit of the directors.

On behalf of the board



Philip Agg
Director

Statement of comprehensive income for the period 31 March 2017

	Note	2017 £'000	2016 £'000
Revenue		40	38
Cost of sales		68	61
Gross profit/(loss)		(28)	(23)
Administrative expenses		1	-
Operating loss		(29)	(23)
Finance income		-	-
(Loss)/Profit for the period before taxation		(29)	(23)
Tax charge	8	-	-
(Loss)/Profit for the financial period and total comprehensive loss attributable to owners of the company		(29)	(23)

There is no other comprehensive income for the period.

All (losses)/profits were made from continuing operations.

The notes on pages 7 to 14 are an integral part of these financial statements.

Statement of financial position as at 31 March 2017

	Note	2017 £'000	2016 £'000
Current assets			
Trade and other receivables	5	32	24
Cash and cash equivalents		-	21
Loan to AM Surface Technologies Ltd		4	-
Total		36	45
Total assets		36	45
Capital and reserves attributable to equity holders' of the company			
Ordinary shares	6	-	-
Share premium	6	-	-
Retained deficit		(52)	(23)
Total equity attributable to shareholders		(52)	(23)
Current liabilities			
Trade and other payables	7	88	68
Tax payable		-	-
Total liabilities		88	68
Total equity and liabilities		36	45

For the period ending 31 March 2017, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit of its accounts for the period in question in accordance with section 476 of the Companies Act 2006.

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

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

The notes on pages 7 to 14 are an integral part of these financial statements.

The financial statements on pages 3 to 6 were approved by the board of directors on 7 December 2017 and were signed on its behalf by:



Philip Agg
Director
Accentus Cardiac Ltd
Registered number 09213393

**Statement of changes in shareholders' equity
for the period ended 31 March 2017**

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total £'000
Balance as at 19 September 2015		-	-	-	-
(Loss) for the period		-	-	(23)	(23)
Balance as at 30 September 2016		-	-	(23)	(23)
(Loss) for the period		-	-	(29)	(52)
Balance as at 31 March 2017		-	-	(52)	(52)

The notes on pages 7 to 14 are an integral part of these financial statements.

Cash flow statement for the period ended 31 March 2017

	Note	2017 £'000	2016 £'000
Cash flows from operating activities			
Cash inflow(outflow) from operations	9	(17)	21
Tax payable	8	-	-
Net cash outflow from operating activities		(17)	21
Cash flows from financing activities			
Proceeds from the issue of share capital		-	-
Interest received		-	-
Loans		(4)	-
Net cash from financing activities		(4)	-
Net (decrease)/increase in cash and cash equivalents		(21)	21
Cash and cash equivalents at start of period		21	-
Cash and cash equivalents at end of period		-	21

The notes on pages 7 to 14 are an integral part of these financial statements.

Notes to the financial statements for the period ended 31 March 2017

1 General information

Accentus Cardiac Ltd ("the company") is a company limited by shares, incorporated and domiciled in the United Kingdom. The registered office of the company and the principal place of business is 528.10 Unit 2, Rutherford Avenue, Harwell Oxford, Didcot, Oxfordshire, OX11 0DF.

The principal activity of the company is to develop and exploit intellectual property.

These financial statements have been approved for issue by the Board of Directors. No persons have the power to amend the financial statements beyond the date they were approved by the Board..

2 Summary of significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

Basis of preparation

These financial statements have been prepared under the historical cost convention and on a going concern basis. They are presented in the currency of the primary economic environment in which the Company operates (the functional currency) which is pounds sterling. Figures are expressed in whole pounds rounded to the nearest thousand pounds.

The company has adopted EU Endorsed International Financial Reporting Standards (IFRS) IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRS 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 consolidated financial information are disclosed within section 4 under "Critical Accounting Estimates and Judgements".

Going concern

In the period to 31 March 2017 the company made a loss of £29k and had a net cash outflow from operating activities of £21k.

AM Surface Technologies Ltd is the sole shareholder in Accentus Cardiac Ltd. The shareholders of AM Surface Technologies Ltd have indicated their long term support for AM Surface Technologies Ltd and its subsidiary Accentus Cardiac Ltd.

The directors have considered the ability of the company to continue as a going concern and this is considered to be the most significant estimate made by the directors in preparing the financial statements. The directors have prepared cash flow forecasts for Accentus Cardiac Ltd for a period covering more than 12 months from the date of their approval of these financial statements.. Based on these forecasts, the directors consider that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the directors continue to adopt the going concern basis in preparing these financial statements.

Notes to the financial statements for the period ended 31 March 2017 (continued)

2 Summary of significant accounting policies (continued)

Application of new standards and interpretations

The financial statements of Accentus Cardiac Ltd have been prepared in accordance with International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and International Financial Reporting Interpretations Committee (IFRIC) interpretations (collectively 'IFRSs') as adopted for use in the European Union and as issued by the International Accounting Standards Board and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The accounting policies set out below have, unless otherwise stated, been applied consistently in these financial statements. Judgements made by the Directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next period are discussed in note 3.

a. Standards, amendments and interpretations effective in 2017 and applied by the Company

The Company has adopted the following revisions and amendments to IFRS issued by the International Accounting Standards Board, which are relevant to and effective for the Company's financial statements for the period beginning 1 April 2016.

1. IFRS 2 Share-based Payment - Definitions of vesting conditions
2. IFRS 3 Business Combinations - Accounting for contingent consideration in a business combination
3. IFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Changes in methods of disposal
4. IFRS 7 Financial Instruments: Disclosures - Servicing contracts
5. IFRS 7 Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements
6. IFRS 8 Operating Segments - Aggregation of operating segments
7. IFRS 8 Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
8. IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28
9. IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception - Amendments to IFRS 10, IFRS 12 and IAS 28
10. IFRS 11 Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11
11. IFRS 14 Regulatory Deferral Accounts
12. IAS 1 Disclosure Initiative - Amendments to IAS 1

Notes to the financial statements for the period ended 31 March 2017 (continued)

2 Summary of significant accounting policies (continued)

13. IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IAS 16 and IAS 38 IAS 16 Property, Plant and Equipment and IAS 38

Intangible Assets - Revaluation method - proportionate restatement of accumulated depreciation/amortisation

14. IAS 19 Employee Benefits - Discount rate: regional market issue

15. IAS 24 Related Party Disclosures - Key management personnel

16. IAS 27 - Equity Method in Separate Financial Statements - Amendments to IAS 27

17. IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'

The Directors have assessed that the adoption of these revisions and amendments did not have an impact on the financial position or performance of the company.

b. Standards, amendments and interpretations that are not yet effective and have not been early adopted:

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:-

Effective date* -01-Jan-17

- IAS 7 Disclosure Initiatives – Amendments to IAS 7
- IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12
- AIP IFRS 12 Disclosure of Interests in Other Entities - Clarification of the scope of the disclosure requirements in IFRS 12

Effective date* -01-Jan-18

- IFRS 2 Classification and Measurement of Share based Payment Transactions - Amendments to IFRS 2
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration
- AIP IFRS 1 First-time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters
- AIP IAS 28 Investments in Associates and Joint Ventures - clarification that measuring investees at fair value through profit or loss is an investment - by - investment choice

Effective date* -01-Jan-19

- IFRS 16 Leases

* the standard is effective for accounting periods beginning in or after this date

Notes to the financial statements for the period ended 31 March 2017 (continued)

2 Summary of significant accounting policies (continued)

IFRS 15, Revenue from Contracts with Customers, and the impact on the financial statements in March 2019 is being considered.

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company

Trade receivables

Trade receivables are recognised originally at fair value and subsequently measured at amortised cost less provision for impairment. A provision for impairment is established where there is evidence that not all amounts due will be collectable.

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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Trade and other payables

Trade and other payables are initially recognised at invoiced value. These arise principally from the receipt of goods and services. There is no material difference between the invoiced value and the value calculated on an amortised cost basis or fair value.

Financial instruments

The Company uses financial instruments comprising cash and cash equivalents, other loans and various other short-term instruments such as trade receivables and trade payables which arise from its operations. The main purpose of these financial instruments is to fund the Company's business strategy and the short-term working capital requirements of the business.

Foreign currency

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

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rate ruling at the balance sheet date or, if appropriate, at the forward contract rate. All foreign exchange differences are taken to the profit and loss account in the period in which they arise.

Revenue

Revenue comprises the fair value of consideration received or receivable for the sale of services in the ordinary course of the company's activities. Revenue is shown net of value added tax and trade discounts and the value of long-term contract work completed.

3 Financial risk management objectives

These are detailed in note 12 to the financial statements.

Notes to the financial statements for the period ended 31 March 2017 (continued)

2 Summary of significant accounting policies (continued)

4 Critical accounting estimates and judgements

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

No significant estimates or assumptions have been made that have a significant risk of causing a material misstatement to the current carrying amounts of assets and liabilities in the next period.

5 Trade and other receivables

	2017 £'000	2016 £'000
Prepayments and accrued income	32	17
Other tax receivable	-	7
Total	32	24

The fair value of trade and other receivables is equivalent to their book values

6 Issued share capital

	Number	Ordinary Share £'000	Share Premium £'000	Total £'000
At 11 September 2015	1	-	-	-
At 31 March 2016	1	-	-	-
At 31 March 2017	1	-	-	-

7 Trade and other payables - current

	2017 £'000	2016 £'000
Trade payables	44	41
Accruals & deferred income	43	27
Other tax payable	1	-
Total	88	68

The fair value of trade and other payables is equivalent to their book values.

Notes to the financial statements for the period ended 31 March 2017 (continued)

8 Tax on profit on ordinary activities

The tax assessed for the period is explained below:

	2017 £'000	2016 £'000
(Loss)/Profit on ordinary activities before tax	(29)	(23)
Standard rate of Corporation tax	20%	20%
(Loss)/Profit on ordinary activities before tax multiplied by the standard rate in the UK (20%) (2016: 20%)	(6)	(4)
Deferred tax asset not recognised	6	4
Current tax for the period	-	-

9 Cash flow from operating activities

	2017 £'000	2016 £'000
Operating (loss)	(29)	(23)
Decrease/(Increase) in trade and other receivables	(8)	(24)
(Decrease)/Increase in trade and other payables	20	68
Cash inflow from operations	(17)	21

10 Financial instruments

In common with other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. The significant accounting policies regarding financial instruments and significant accounting estimates and judgements are disclosed in note 2.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

	2016 £'000	2015 £'000
Trade and other receivables	32	-
Cash and cash equivalents	-	21
Trade and other payables	88	-

Notes to the financial statements for the period ended 31 March 2017 (continued)

10 Financial instruments (continued)

General objectives, policies and processes

The company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. The company does not use derivative financial instruments to hedge risk exposures.

The overall objective of the Board is to set policies that seek to reduce ongoing risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures from supply of services. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

	2017 £'000	2016 £'000
Trade and other receivables	32	24
Cash and cash equivalents	-	21

The Company's principal trade and other receivables arose from grant income from Innovate UK. At the period end, cash was held in a current account.

Liquidity risk

Liquidity risk arises from the Company's management of working capital.

The Board receives cash flow projections on a regular basis as well as information on cash balances

Fair value of financial liabilities

	2017 £'000	2016 £'000
Trade and other payables	88	68

There is no difference between the fair value and book value of trade and other payables and loans.

Currency risk

The company has no foreign currency exposure

**Notes to the financial statements
for the period ended 31 March 2017 (continued)**

11 Capital commitments

The Company had no capital commitments outstanding at 31 March 2017

12 Related party transactions

Nil

13 Post Balance Sheet Events

Nil

14 Controlling party and ultimate parent company

The directors regard AM Surface Technologies Ltd (Company Number: 08594777) as the ultimate parent company and controlling party.