

Registration Number SC 131764

**CeNeS Drug Delivery Limited**  
**Annual Report and Financial Statements for the year ended**  
**31 December 2013**

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**CeNeS Drug Delivery Limited**

**Company Information**

<b>Directors</b>	Dr. Mariola Söhngen Abdelghani Omari
<b>Secretary</b>	D W Company Services Limited
<b>Company Number</b>	SC 131764
<b>Registered Office</b>	Saltire Court 20 Castle Street Edinburgh EH1 2EN
<b>Auditor</b>	Ernst & Young LLP One Cambridge Business Park Cambridge CB5 0WZ
<b>Business Address</b>	Compass House Vision Park Chivers Way Histon Cambridge CB24 9ZR

## **CeNeS Drug Delivery Limited**

### **Contents**

	<b>Page</b>
Directors' Report	<b>1</b>
Independent Auditor's Report	<b>3</b>
Profit and Loss Account	<b>5</b>
Balance Sheet	<b>6</b>
Notes to the Financial Statements	<b>7</b>

**CeNeS Drug Delivery Limited**

**Directors' Report  
for the year ended 31 December 2013**

The directors present their annual report on the affairs of the company, together with the financial statements and auditor's report for the year ended 31 December 2013. This directors' report has been prepared in accordance with the small companies regime.

**Principal Activity and Review of the Business**

The company discontinued its trading operations in 2003 and has in December 2013 agreed with the landlord on a renunciation of the property in Irvine. A managed wind down process has been in operation since the year end. The directors of the company continue to make arrangements to wind up the company and included in Administrative Expenses is a provision of £710 for the future costs to be incurred to conclude the winding up.

**Going concern**

The financial statements have been prepared on a break up-basis, and these financial statements incorporate the various adjustments necessary to reflect this basis of preparation. Accordingly, adjustments have been made to reduce the onerous lease provision to nil. A separate provision has been made for any further liabilities which may arise upon the winding-up process.

**Results and Dividends**

The audited financial statements for the year ended 31 December 2013 are set out on pages 5 to 14. The profit for the year after taxation was £391,194 (2012: loss of £41,205).

The directors do not recommend the payment of a dividend (2012: £nil).

**Directors**

The directors of the company who served during the year and up to the date of signing the financial statements are:

Dr. Mariola Söhngen  
Abdelghani Omari

The ultimate parent undertaking, PAION AG, provides Directors and Officers (D&O) liability insurance cover for the directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such insurance cover remains in force as at the date of approving the directors' report.

**Disclosure of Information to auditor**

In accordance with Section 418(2) of the Companies Act 2006, in the case of each of the persons who are directors at the time of when the report is approved, the following applies:

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

**CeNeS Drug Delivery Limited**  
**Directors' Report**  
**for the year ended 31 December 2013**  
**(continued)**

**Statement of Directors' Responsibilities**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

**Approved and signed by order of the Board**



Abdelghani Omari  
Director

Date: 29 September 2014



Dr. Mariola Söhngen  
Director

Date: 29 Sep 2014

## **CeNeS Drug Delivery Limited**

### **Independent Auditor's Report to the members of CeNeS Drug Delivery Limited**

We have audited the financial statements of CeNeS Drug Delivery Limited for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes 1 to 17. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). These financial statements have been prepared on a break up basis.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- Give a true and fair view of the state of the company's affairs as at 31 December 2013 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.

#### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which we are required to report by exception**

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

- Adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- The financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of directors' remuneration specified by law are not made;
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to take advantage of the small companies' exemption in not preparing the Strategic Report and take advantage of the small companies' exemption in preparing the directors' report.

CeNeS Drug Delivery Limited .

Independent Auditor's Report to the members of CeNeS Drug Delivery Limited  
(continued)

*Ernst & Young LLP*

Rachel Wilden (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Cambridge

Date: *29 September 2014*

**CeNeS Drug Delivery Limited**  
**Profit and loss account**  
**for the year ended 31 December 2013**

		2013	2012
	Note	£	£
Other operating income/(expenses) (net)		389,289	(7,079)
<b>Operating profit/(loss)</b>	<b>2</b>	<b>389,289</b>	<b>(7,079)</b>
Net interest receivable/(payable) and similar charges	4	1,905	(34,126)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>391,194</b>	<b>(41,205)</b>
Tax on profit/(loss) on ordinary activities	5	-	-
<b>Profit/(loss) for the year</b>	<b>12,13</b>	<b>391,194</b>	<b>(41,205)</b>

The company directors took the decision to wind-up the company and, therefore, all of the above results relate to discontinued activities.

The company has no recognised gains and losses other than those presented above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit (2012 - loss) on ordinary activities before taxation and the profit (2012 - loss) for the year stated above, and their historical cost equivalents.

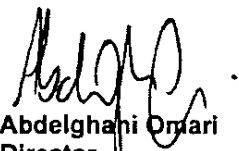


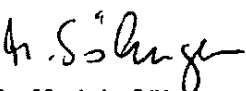
**CeNeS Drug Delivery Limited**

**Balance Sheet  
As at 31 December 2013**

		2013	2012
	Note	£	£
<b>Fixed Assets</b>			
Intangible fixed assets	6	-	-
Tangible fixed assets	7	-	-
		<hr/>	<hr/>
<b>Current Assets</b>			
Debtors	8	88,763	41,607
Cash at bank and in hand		17,054	44,414
		<hr/>	<hr/>
		105,817	86,021
Creditors: Amounts falling due within one year	9	(1,666,196)	(1,014,324)
<b>Net Current Liabilities</b>		<hr/>	<hr/>
		(1,560,379)	(928,303)
<b>Total Assets less Current Liabilities</b>		<hr/>	<hr/>
		(1,560,379)	(928,303)
Provisions for Liabilities and Charges	10	(710)	(1,023,980)
<b>Net Liabilities</b>		<hr/>	<hr/>
		(1,561,089)	(1,952,283)
		<hr/>	<hr/>
<b>Capital and Reserves</b>			
Called up share capital	11	366,601	366,601
Share premium account	12	10,370,368	10,370,368
Profit and loss account	12	(12,298,058)	(12,689,252)
<b>Total Shareholders' Deficit</b>	13	<hr/>	<hr/>
		(1,561,089)	(1,952,283)

The financial statements on pages 5 to 14 were approved by the Board of Directors on and were signed and on its behalf by:

  
**Abdelghani Omari**  
 Director  
 Date: 29 September 2014

  
**Dr. Mariola Söhnngen**  
 Director  
 Date: 29 Sep 2014

**CeNeS Drug Delivery Limited**

**Notes to the Financial Statements  
for the year ended 31 December 2013**

**1. Accounting policies**

The financial statements have been prepared in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been reviewed by the Board of Directors in accordance with Financial Reporting Standard ('FRS') 18 'Accounting policies', which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

**Going concern**

The financial statements have been prepared on a break up-basis, and these financial statements incorporate the various adjustments necessary to reflect this basis of preparation. A separate provision has been made for any further liabilities which may arise upon the winding-up process of the company.

**Cash flow statement**

The company has taken advantage of the exemption under FRS 1 'Cash flow statements (revised 1996)' from preparing a cash flow statement as it is a wholly owned subsidiary and its ultimate parent company publishes consolidated financial statements.

**Intangible fixed assets**

Licenses

Licenses are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful life.

The carrying value of intangible assets is reviewed for impairment after the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable.

**Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation in equal monthly instalments over the estimated lives of the assets as follows:

Leasehold improvements	Over the shorter of the lease term or 10 years
Plant and equipment and other	Over 5-10 years

The carrying value of tangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

**Debtors**

Debtors are included in current assets. A provision for impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor.

# CeNeS Drug Delivery Limited

## Notes to the Financial Statements for the year ended 31 December 2013

### 1. Accounting policies (continued)

#### Leasing and hire purchase commitments

Rentals payable under operating leases are charged in the profit & loss account on a straight line basis over the lease term. Lease incentives are recognised over the shorter of the lease term and the date of the new rent review.

Provisions are made in respect of onerous leases to the extent that the directors believe that costs will be incurred under the terms of the lease.

#### Deferred taxation

Provision is made for deferred taxation, in accordance with FRS 19, 'Deferred tax' on all material timing differences. Deferred tax assets are recognised to the extent that they are regarded as recoverable. Deferred tax assets and liabilities are not discounted.

### 2. Operating profit/(loss)

The operating profit/(loss) is stated after charging

	2013	2012
	£	£
Onerous lease - renunciation of lease in December 2013 (note 10)	820,551	7,491
Exceptional items - provision for winding up costs	710	-
	<u>821,261</u>	<u>7,491</u>

The provision of winding up costs of £710 represents the expected future costs associated with the planned winding up of the company. These costs are expected to be incurred within the 12 months after the balance sheet date.

The audit fee (relating to the audit of the financial statements of the company) of £5,000 (2012: £5,000) for the financial year has been borne by PAION UK Limited, a fellow group undertaking.

### 3. Staff costs

The average monthly number of persons employed:

	2013	2012
	Number	Number
Administration	<u>1</u>	<u>1</u>

	2013	2012
	£	£
Aggregate amounts paid in respect of:		
Wages and salaries	2,283	524
Social security	(144)	(84)
Other pension costs (see note 15)	-	-
	<u>2,139</u>	<u>440</u>

There were no directors' emoluments in the year ended 31 December 2013 (2012: £nil).

# CeNeS Drug Delivery Limited

## Notes to the Financial Statements for the year ended 31 December 2013

### 3. Staff costs (continued)

No directors had benefits accruing under either a company Money Purchase Pension Scheme (2012: none) or a defined benefit scheme. No directors received shares during the year for qualifying services or exercised share options in the current or prior year.

The directors of the company are employees of other group undertakings. The directors received total remuneration for the year of £439k (2012: £562k); thereof £nil (2012: £nil) through PAION UK Limited and the remainder through other group undertakings. The directors do not believe that it is practicable to apportion this amount between their qualifying services to the UK companies and qualifying services to other group undertakings. The amounts disclosed above for directors emoluments in 2013 include £nil (2012: £36k) payable to one director as compensation for loss of office.

Of the total directors' remuneration, the highest paid director received £317k (2012: £274k). The highest paid director did not receive any shares for qualifying services or exercise any share options in either the current or prior year.

### 4. Net interest receivable/(payable) and similar charges

	2013	2012
	£	£
Bank interest receivable	4,140	-
Movement in discount on provisions (see note 10)	(2,235)	(34,126)
	<u>1,905</u>	<u>(34,126)</u>

### 5. Tax on profit/(loss) on ordinary activities

	2013	2012
	£	£
Tax charge for the year	-	-

#### Current taxation

The tax result for the year is different from the standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013	2012
	£	£
Profit/(loss) on ordinary activities before tax	<u>391,194</u>	<u>(41,205)</u>
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax of 23.25% (2012: 24.5%)	90,952	(10,095)
Effect of:		
Other Differences - Deferred Tax Not Recognised	(86,053)	-
Unrealised tax losses carried forward	-	9,477
Effect of change in rate of tax	<u>(4,899)</u>	<u>618</u>
Current tax charge for the year	<u>-</u>	<u>-</u>

**CeNeS Drug Delivery Limited**

**Notes to the Financial Statements  
for the year ended 31 December 2013**

**5. Tax on profit/(loss) on ordinary activities (continued)**

The main rate of UK corporation tax was reduced from 24% to 23% from 1 April 2013. The Finance Act 2013, enacted on 17 July 2013, reduced further the UK main rate of corporation tax to 21% from 1 April 2014 and 20% from 1 April 2015.

Deferred tax has been restated accordingly in these financial statements.

**6. Intangible fixed assets**

	<b>Licenses</b>
<b>Cost</b>	<b>£</b>
As at 1 January 2013 and 31 December 2013	<u>1,000,000</u>
<b>Depreciation</b>	
As at 1 January 2013 and 31 December 2013	<u>1,000,000</u>
<b>Net book value at 31 December 2012 and 31 December 2013</b>	<u>-</u>

**7. Tangible fixed assets**

	<b>Leasehold improvements</b>	<b>Plant and machinery and others</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
As at 1 January 2013 and 31 December 2013	<u>1,908,092</u>	<u>287,422</u>	<u>2,195,514</u>
<b>Depreciation</b>			
As at 1 January 2013 and 31 December 2013	<u>1,908,092</u>	<u>287,422</u>	<u>2,195,514</u>
<b>Net book value at 31 December 2012 and 31 December 2013</b>	<u>-</u>	<u>-</u>	<u>-</u>

**8. Debtors: amounts falling due within one year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Other debtors	83,988	39,098
VAT debtor - reclaimed by PAION UK Ltd	4,775	2,509
	<u>88,763</u>	<u>41,607</u>

**CeNeS Drug Delivery Limited**

**Notes to the Financial Statements  
for the year ended 31 December 2013**

**9. Creditors: amounts falling due within one year**

	2013	2012
	£	£
Trade creditors	719	51,118
Intercompany loan	1,665,477	959,918
Accruals	-	3,288
	<u>1,666,196</u>	<u>1,014,324</u>

The intercompany loan agreement is contracted for an indefinite term and either party may terminate the agreement by giving fourteen day's notice. The outstanding balance owed on the date of termination is payable within 6 weeks or on the agreed repayment date.

**10. Provisions for liabilities and charges**

	2013	2012
	£	£
Onerous lease and dilapidations	-	1,023,980
Exceptional items - provision for winding up costs	710	-
	<u>710</u>	<u>1,023,980</u>

**Onerous lease provision**

	2013	2012
	£	£
At 1 January	1,023,980	1,215,000
Utilised in year	(205,664)	(217,655)
Accretion of discount	2,235	34,126
Release of provision	(820,551)	(7,491)
At 31 December	<u>-</u>	<u>1,023,980</u>

The company has released the onerous lease provision to £nil (2012: £1,023,980 ) following the renunciation of the lease in December 2013.

**CeNeS Drug Delivery Limited**

**Notes to the Financial Statements  
for the year ended 31 December 2013**

**10. Provisions for liabilities and charges (continued)**

The maturity of the provision at the year end was as follows:

	2013	2012
	£	£
Amounts falling due:		
Within one year	-	226,980
After more than one year	-	797,000
	<u>-</u>	<u>1,023,980</u>

The provision for winding-up costs of £710 represents the expected future costs associated with the planned winding up of the company. These costs are expected to be incurred within 12 months after the balance sheet date.

**Deferred taxation**

A deferred tax asset has not been recognised as the directors consider that this would be inappropriate as the company is not expected to realise sufficient profits in the foreseeable future. The unprovided asset is as follows:

	2013		2012	
	Amount provided £	Amount unprovided £	Amount provided £	Amount unprovided £
Tax effect of losses carried forward	-	(717,500)	-	(915,100)
	<u>-</u>	<u>(717,500)</u>	<u>-</u>	<u>(915,100)</u>

**11. Share capital**

	2013	2012
	£	£
<b>Authorised</b>		
3,666,018 (2012: 3,666,018) ordinary shares of 10p each	<u>366,601</u>	<u>366,601</u>
<b>Allotted, issued and fully paid</b>		
3,666,018 (2012: 3,666,018) ordinary shares of 10p each	<u>366,601</u>	<u>366,601</u>

**CeNeS Drug Delivery Limited**

**Notes to the Financial Statements  
for the year ended 31 December 2013**

**12. Reserves**

	Share premium account	Profit and loss account	Total
	£	£	£
At 1 January 2013	10,370,368	(12,689,252)	(2,318,884)
Retained profit for the year	-	391,194	391,194
<b>At 31 December 2013</b>	<b>10,370,368</b>	<b>(12,298,058)</b>	<b>(1,927,690)</b>

**13. Reconciliation of movement in shareholders' deficit**

	2013	2012
	£	£
Profit for the financial year	391,194	(41,205)
Opening shareholders' deficit	(1,952,283)	(1,911,078)
<b>Closing shareholders' deficit</b>	<b>(1,561,089)</b>	<b>(1,952,283)</b>

**14. Financial commitments**

At 31 December 2013 the company had annual commitments under non-cancellable operating leases which expire as follows:

	Land and Buildings 2013	Land and Buildings 2012
	£	£
Within five years	-	168,000
	-	168,000

**15. Pension commitments**

The CeNeS Drug Delivery Limited Pension Scheme has been wound up. Pension costs for the year were nil (2012 - £nil).

**16. Ultimate parent undertaking**

The company's ultimate parent undertaking and controlling party is PAION AG, a company registered in Germany. The results of the company have been consolidated in the financial statements of PAION AG for the year to 31 December 2013. Copies of the PAION AG financial statements are available from the German "Bundesanzeiger".



**CeNeS Drug Delivery Limited**  
**Notes to the Financial Statements**  
**for the year ended 31 December 2013**

**17. Related party transactions**

As a wholly owned subsidiary of PAION AG the company has taken advantage of the exemption in FRS 8 "Related party disclosures" from disclosing transactions with the other wholly owned members of the PAION group.