



## **BioAscent Discovery Limited**

Directors' Report and Financial Statements

Year Ended

31 December 2021

Company Number SC442915



# BioAscent Discovery Limited

## Company Information

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<b>Directors</b>	Dr Sylvian Jeanine Boucharens Dr Glenn Crocker Dr David Alan Milroy Dr Louis Joseph Nisbet Mr Paul Smith
<b>Registered number</b>	SC442915
<b>Registered office</b>	C/O CMS Cameron McKenna Nabarro Olswang Llp Saltire Court 20 Castle Terrace Edinburgh EN1 2EN
<b>Independent auditors</b>	BDO LLP 4 Atlantic Quay 70 York Street Glasgow G2 8JX
<b>Solicitors</b>	CMS Cameron McKenna Nabarro Olswang Llp Saltire Court 20 Castle Terrace Edinburgh EN1 2EN

# BioAscent Discovery Limited

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# BioAscent Discovery Limited

## Directors' Report For the Year Ended 31 December 2021

The directors present their report together with the audited financial statements for the year ended 31 December 2021.

### Principal activity

The principal activity of the company is the provision of compound storage, management, formatting and logistics of chemical collections and in the provision of integrated drug discovery services to the pharmaceutical and biotechnology market.

### Performance

The directors are satisfied with operational performance during the year. Revenue growth has been driven by drug discovery business, which saw revenues rise by 212% this year. Coupled with 45% growth of the commercial compound management business over the last 12 months, the business is well placed to continue with this growth in the forthcoming financial year.

Working with small well funded biotechs and major pharma alike, BioAscent has seen a significant increase in its venture backed biotech client base, and has also been winning an increasing number of US customers. Revenues increased from £4,748,985 in 2020 to £6,860,996 in 2021. The company benefits from a broad spread of clients, enabling a healthy diversification of risk.

As part of its development strategy, BioAscent has continued to invest in new instrumentation and extend the range of its discovery capabilities - £2.5m has been invested in capital expenditure in FY20 and FY21. With a team of 70 (2020 - 44) and further appointments scheduled in 2022 the company has added expertise in additional areas of research, and is well resourced to support the timely delivery of all projects for its expanding customer base.

A summary of the company's financial performance is:

	2021	2020
	£000	£000
Turnover	6,861	4,749
Direct Costs	(3,940)	(2,727)
Gross Margin	2,921	2,022
Administration expenses	(2,382)	(1,896)
Other Income	189	109
EBITDA	728	235
Interest Paid	(144)	(33)
FX (loss)/gain	(23)	(19)
Depreciation	(394)	(1,034)
<b>Profit/(Loss) before Tax</b>	<b>167</b>	<b>(851)</b>

Earnings before interest, tax, depreciation and amortisation ("EBITDA") were £728k (2020 - £235k). The profit for the year, after taxation, was £461k (2020 - loss £758k).

Following the revaluation of plant and equipment carried out during 2019, the directors undertook an exercise to re-assess the depreciation rates and useful lives of these assets. This resulted in a total depreciation charge on plant and equipment of £1,034,068 in 2020. This charge has reduced to £348,312 in 2021. The depreciation charge for 2022 is expected to be £360,000.

The directors do not recommend the payment of a dividend (2020 - £Nil).

# BioAscent Discovery Limited

## Directors' Report (continued) For the Year Ended 31 December 2021

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### Going concern

Regular twenty-four month rolling financial forecasts are prepared for consideration by the Board. The Board is satisfied that there is sufficient headroom within working capital facilities to respond to the various realistic downside sensitivities in its forecasts that could reasonably be expected to be modelled at the date of the approval of the financial statements.

After consideration of these sensitivities and forecasts and taking account of continued positive trading conditions and working capital headroom, the directors have an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

### Directors

The directors who served during the year were:

Dr Sylvian Jeanine Boucharens  
Dr Glenn Crocker  
Dr David Alan Milroy  
Dr Louis Joseph Nisbet  
Mr Paul Smith

### Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

The auditors, BDO LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 28/09/2022 and signed on its behalf.



Mr Paul Smith  
Director

# **BioAscent Discovery Limited**

## **Directors' Responsibilities Statement For the Year Ended 31 December 2021**

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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 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; 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.

# BioAscent Discovery Limited

## Independent Auditors' Report to the Members of BioAscent Discovery Limited

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### Opinion on the 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 2021 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.

We have audited the financial statements of BioAscent Discovery Limited ("the company") for the year ended 31 December 2021 which comprise the statement of comprehensive income, the balance sheet, the 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

### 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. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

### Independence

We remain 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.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# BioAscent Discovery Limited

## Independent Auditors' Report to the Members of BioAscent Discovery Limited (continued)

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### 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### Other Companies Act 2006 reporting

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.

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 the directors' report.

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
- have not received all the information and explanations we require for our audit.
- 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

As explained more fully in the Director's 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.



# BioAscent Discovery Limited

## Independent Auditors' Report to the Members of BioAscent Discovery Limited (continued)

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### 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.

#### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

The procedures that we designed and executed included:

- performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud. Areas of identified risk were then tested substantively;
- reviewing correspondence with legal advisors to identify indications of non-compliance with laws and regulations;
- determining whether the accounting policies and presentation adopted in the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice);
- addressing the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of a potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business;
- vouching balances and reconciling items in key control account reconciliations to supporting documentation as at 31 December 2021;
- carrying out detailed testing, on a sample basis, of transactions and balances agreeing to appropriate documentary evidence to verify the completeness, existence and accuracy of the reported financial statements.;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

# BioAscent Discovery Limited

## Independent Auditors' Report to the Members of BioAscent Discovery Limited (continued)

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### Use of our report

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.

DocuSigned by:

*Martin Gill*

30 September 2022

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**Martin Gill** (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Glasgow

United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

# BioAscent Discovery Limited

## Statement of Comprehensive Income For the Year Ended 31 December 2021

	Note	2021 £	2020 £
Turnover	4	6,860,996	4,748,985
Administrative expenses		(6,344,547)	(4,642,179)
Depreciation		(348,313)	(1,034,068)
Amortisation		(46,103)	-
Other operating income	5	189,047	109,181
<b>Operating profit/(loss)</b>	6	<b>311,080</b>	<b>(818,081)</b>
Interest payable and similar expenses		(143,616)	(33,199)
<b>Profit/(loss) before tax</b>		<b>167,464</b>	<b>(851,280)</b>
Tax on profit/(loss)	9	293,527	93,123
<b>Profit/(loss) for the financial year</b>		<b>460,991</b>	<b>(758,157)</b>
<b>Total comprehensive loss for the year</b>		<b>460,991</b>	<b>(758,157)</b>

There were no recognised gains and losses for 2021 or 2020 other than those included in the statement of comprehensive income.

The notes on pages 11 to 25 form part of these financial statements.

# BioAscent Discovery Limited

Registered number: SC442915

## Balance Sheet As at 31 December 2021

	Note	2021 £	2021 £	2020 £	2020 £
<b>Fixed assets</b>					
Intangible assets	10		71,479		107,218
Tangible assets	11		3,868,984		2,668,800
			<u>3,940,463</u>		<u>2,776,018</u>
<b>Current assets</b>					
Stocks	12	406,576		381,050	
Debtors: amounts falling due within one year	13	1,771,341		864,252	
Cash at bank and in hand		1,202,961		965,063	
		<u>3,380,878</u>		<u>2,210,365</u>	
Creditors: amounts falling due within one year	14	(2,021,555)		(910,397)	
<b>Net current assets</b>			<u>1,359,323</u>		<u>1,299,968</u>
<b>Total assets less current liabilities</b>			<u>5,299,786</u>		<u>4,075,986</u>
Creditors: amounts falling due after more than one year	15		(1,402,549)		(639,740)
<b>Net assets</b>			<u><u>3,897,237</u></u>		<u><u>3,436,246</u></u>
<b>Capital and reserves</b>					
Called up share capital	18		320,032		320,032
Share premium account	19		2,783,212		2,783,212
Revaluation reserve	19		1,387,767		1,561,238
Profit and loss account	19		(593,774)		(1,228,236)
<b>Total equity</b>			<u><u>3,897,237</u></u>		<u><u>3,436,246</u></u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 28 September 2022



Mr Paul Smith  
Director

The notes on pages 11 to 25 form part of these financial statements.

# BioAscent Discovery Limited

## Statement of Changes in Equity For the Year Ended 31 December 2021

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2021	320,032	2,783,212	1,561,238	(1,228,236)	3,436,246
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	460,991	460,991
<b>Total comprehensive income for the year</b>	-	-	-	460,991	460,991
Transfer from revaluation reserve	-	-	(173,471)	173,471	-
<b>At 31 December 2021</b>	<b>320,032</b>	<b>2,783,212</b>	<b>1,387,767</b>	<b>(593,774)</b>	<b>3,897,237</b>

## Statement of Changes in Equity For the Year Ended 31 December 2020

	Called up share capital	Share premium account	Revaluation reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 January 2020	320,032	2,783,212	1,959,709	(868,550)	4,194,403
<b>Comprehensive loss for the year</b>					
Loss for the year	-	-	-	(758,157)	(758,157)
<b>Total comprehensive loss for the year</b>	-	-	-	(758,157)	(758,157)
Transfer from revaluation reserve	-	-	(398,471)	398,471	-
<b>At 31 December 2020</b>	<b>320,032</b>	<b>2,783,212</b>	<b>1,561,238</b>	<b>(1,228,236)</b>	<b>3,436,246</b>

The notes on pages 11 to 25 form part of these financial statements.

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 1. General information

BioAscent Discovery Limited is a private company limited by shares incorporated in Scotland under the Companies Act 2006. The address of the registered office is given on the company information page and the nature of the company's operations and its principal activities are set out in the directors' report.

### 2. Accounting policies

#### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with Section 1A of FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The presentational and functional currency of these financial statements is GBP. Values are rounded to the nearest pound.

The following principal accounting policies have been applied:

#### 2.2 Going concern

Regular twenty -four month rolling financial forecasts are prepared for consideration by the Board. The Board is satisfied that there is sufficient headroom within working capital facilities to respond to the various realistic downside sensitivities in its forecasts that could reasonably expected to be modelled at the date of the approval of the financial statements.

After consideration of these sensitivities and forecasts and taking account of continued positive trading conditions and working capital headroom, the directors have an expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

#### 2.3 Foreign currency translation

##### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 2. Accounting policies (continued)

#### 2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 2.5 Operating leases: the company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

#### 2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 2. Accounting policies (continued)

#### 2.7 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

#### 2.8 Finance costs

Finance costs are charged to the statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

#### 2.9 Pensions

##### Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

#### 2.10 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

#### 2.11 Tangible fixed assets

Tangible fixed assets are held at valuation and at historical cost. Items of plant and machinery are held at valuation. See 2.12 for further details.

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.



# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 2. Accounting policies (continued)

#### 2.11 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	- 10 - 14%
Office equipment	- 33%
Computer equipment	- 33%

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

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

#### 2.12 Revaluation of tangible fixed assets

Certain items of plant and machinery are carried at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are undertaken with sufficient regularity to ensure the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Fair values are determined from market based evidence normally undertaken by professionally qualified valuers.

Revaluation gains and losses are recognised in other comprehensive income unless losses exceed the previously recognised gains or reflect a clear consumption of economic benefits, in which case the excess losses are recognised in the statement of comprehensive income.

#### 2.13 Stocks

##### Chemical compounds

The chemical compounds were gifted to the company and were included in the balance sheet of the company at book value of £310,940 on the date the gift was made.

These gifted inventories are recorded in the balance sheet at lower of the book value when gifted and net realisable value. Management estimates current net realisable value to be £3million, and they are insured at this value. These chemical compound inventories consist of 1.5 million chemically synthesised chemical compounds which are freeze dried to ensure they are stable and can be stored for over 30 years with minimal degradation.

As the chemical compound inventories consist of many thousands of small low value individual value items, management can not quantify the exact quantity of chemical degradation on an annual basis without incurring uneconomic time and costs. Accordingly these stocks are now being amortised in equal annual instalments over 30 years.

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 2. Accounting policies (continued)

#### 2.13 Stocks (continued)

##### Consumable stores

Consumable stores stock represents the cost of consumable chemicals and materials required in the day to day running of the business.

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of comprehensive income.

#### 2.14 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

#### 2.15 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.16 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.17 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

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### 2. Accounting policies (continued)

#### 2.17 Financial instruments (continued)

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 3. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgements:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 11)

Tangible fixed assets, other than investments properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Items of plant and machinery are professionally valued on a regular basis using a replacement cost basis. This uses current market values but there is an inevitable degree of judgement involved in that each item is unique and value can only be reliably tested in the market itself.

- Intangible assets (see note 10)

Intangible assets are amortised over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions and the remaining life of the asset.

### 4. Turnover

All turnover derives from the carrying out of the principal activity of the company, being the provision of compound storage, management, formatting and logistics of chemical collections and in the provision of integrated drug discovery services to the pharmaceutical and biotechnology market.

### 5. Other operating income

	2021 £	2020 £
Other operating income	19,898	-
Research and development	169,149	109,181
	<u>189,047</u>	<u>109,181</u>

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 5. Other operating income (continued)

In the year ended 31 December 2021, £19,898 of other operating income relates to Coronavirus Business Interruption Payments received in relation to interest on hire purchase agreements. The remaining other operating income of £169,149 and the amount recognised for year ended 31 December 2020 relate to the Research & Development tax credit received in respect of scientific development works carried out.

### 6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2021 £	2020 £
Fees payable to the company's auditor for the audit of the financial statements	15,000	13,950
Fees payable to the company's auditor for non-audit services	18,000	16,750
Exchange differences	23,152	19,896
Other operating lease rentals	764,114	619,386
Depreciation of tangible fixed assets	209,822	750,128
Depreciation of tangible fixed assets under hire purchase	138,490	283,940

### 7. Employees

The average monthly number of employees, including directors, during the year was 57 (2020 - 41).

### 8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	324,559	304,031
Company contributions to defined contribution pension schemes	50,457	47,409
	<b>375,016</b>	<b>351,440</b>

During the year retirement benefits were accruing to 2 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £228,745 (2020 - £201,126).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £30,937 (2020 - £28,288).

The total accrued pension provision of the highest paid director at 31 December 2021 amounted to £Nil (2020 - £Nil).

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 9. Taxation

	2021 £	2020 £
<b>Corporation tax</b>		
Current tax on profits for the year	(16,414)	(91,636)
Adjustments in respect of previous periods	-	(1,487)
<b>Total current tax</b>	<b>(16,414)</b>	<b>(93,123)</b>
<b>Deferred tax</b>		
Fixed asset timing differences	(277,113)	-
<b>Total deferred tax</b>	<b>(277,113)</b>	<b>-</b>
<b>Taxation on loss on ordinary activities</b>	<b>(293,527)</b>	<b>(93,123)</b>

#### Factors affecting tax charge for the year

There were no factors that affected the tax charge for the year which has been calculated on the profits on ordinary activities before tax at the standard rate of corporation tax in the UK of 19% (2020 - 19%).

#### Factors that may affect future tax charges

Increases in the UK Corporation tax rate from 19% to 25% (19% effective from 1 April 2017, and 25% effective from 1 April 2023) have been substantively enacted. This will impact the company's future tax charge accordingly.

The company has unprovided carried forward tax losses of £4,045,123 (2020 - £2,180,243).

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 10. Intangible assets

	Development expenditure £
<b>Cost</b>	
At 1 January 2021	107,218
At 31 December 2021	107,218
<b>Amortisation</b>	
Charge for the year	35,739
At 31 December 2021	35,739
<b>Net book value</b>	
At 31 December 2021	71,479
At 31 December 2020	107,218

The costs capitalised as an intangible asset relate to the in house development and completion of the Internal Fragment Library, which is a technological system used for drug discovery.

Amortisation was not charged on the development expenditure during the prior year as the asset was only brought into use in January 2021. From January 2021 onwards, amortisation has been charged based on an estimation of the expected useful life of the Library.

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 11. Tangible fixed assets

	Plant and machinery £	Office equipment £	Computer equipment £	Total £
<b>Cost</b>				
At 1 January 2021	6,383,901	19,790	25,547	6,429,238
Additions	1,494,896	5,300	48,300	1,548,496
At 31 December 2021	7,878,797	25,090	73,847	7,977,734
<b>Depreciation</b>				
At 1 January 2021	3,744,246	3,058	13,134	3,760,438
Charge for the year on owned assets	186,972	7,455	15,395	209,822
Charge for the year on assets under hire purchase	138,490	-	-	138,490
At 31 December 2021	4,069,708	10,513	28,529	4,108,750
<b>Net book value</b>				
At 31 December 2021	3,809,089	14,577	45,318	3,868,984
At 31 December 2020	2,639,655	16,732	12,413	2,668,800

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2021 £	2020 £
Plant and machinery	2,248,937	1,001,011

Plant and machinery was independently valued by Dr Jonathan Connick BSc PhD, director of V A Lawrence Limited, an informed professional in the area of Drug Discovery Research and Compound Management Services, during 2019 and an uplift in value of £1,959,709 was booked.



# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 12. Stocks

Stocks comprise of consumable stores and inventories of chemical compounds.

	2021 £	2020 £
Consumable stores	106,000	70,110
Chemical Compounds	310,940	310,940
Amortisation of Chemical Compounds	(10,364)	-
	<u>406,576</u>	<u>381,050</u>

### 13. Debtors: amounts falling due within one year

	2021 £	2020 £
Trade debtors	965,116	453,980
VAT debtor	54,920	20,501
Prepayments and accrued income	288,629	187,467
Tax recoverable	153,425	202,304
Deferred taxation	309,251	-
	<u>1,771,341</u>	<u>864,252</u>

The impairment loss recognised in the statement of comprehensive income for the year in respect of bad and doubtful trade debtors was £545 (2020 gain - £1,100).

### 14. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	642,077	338,169
Other taxation and social security	160,608	93,376
Obligations under finance lease and hire purchase contracts	524,965	124,109
Other creditors	24,523	17,223
Accruals and deferred income	669,382	337,520
	<u>2,021,555</u>	<u>910,397</u>

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 15. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Net obligations under finance leases and hire purchase contracts	<u>1,402,549</u>	<u>639,740</u>

Obligations under finance lease and hire purchase contracts are secured on the related assets.

### 16. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	524,965	124,109
Between 1-5 years	1,402,549	639,740
	<u>1,927,514</u>	<u>763,849</u>

### 17. Deferred taxation

	2021 £
At beginning of year	-
Charged in year	309,251
<b>At end of year</b>	<u><b>309,251</b></u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Fixed asset timing differences	(480,706)	-
Losses and other deductions	789,957	-
	<u>309,251</u>	<u>-</u>

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 18. Share capital

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
320,032 ordinary shares of £1 each	<u>320,032</u>	<u>320,032</u>

### 19. Reserves

The company's capital and reserves are as follows:

#### **Called up share capital**

Called up share capital represents the nominal value of the shares issued.

#### **Share premium account**

The share premium account includes the premium on issue of equity shares, net of any issue costs.

#### **Revaluation reserve**

The revaluation reserve represents the aggregate surplus or deficit on revaluation of tangible fixed assets.

#### **Profit and loss account**

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 20. Capital commitments

At 31 December 2021 the company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements	<u>78,500</u>	<u>-</u>

### 21. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £246,978 (2020 - £186,864). Contributions totalling £24,523 (2020 - £17,223) were payable to the fund at the reporting date and are included in creditors.

# BioAscent Discovery Limited

## Notes to the Financial Statements For the Year Ended 31 December 2021

### 22. Commitments under operating leases

At 31 December 2021 the company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	746,395	637,159
Later than 1 year and not later than 5 years	3,731,974	3,185,794
Later than 5 years	373,198	318,579
	<u>4,851,567</u>	<u>4,141,532</u>

### 23. Related party transactions

BioCity Group Limited, now called We Are Pioneer Group Limited, owns 49.995% of the issued share capital and has a common director with the company. The company made purchases from We Are Pioneer Group Limited of £382,977 (2020 - £165). At 31 December 2021, the company had a year end payable of £2,017 (2020 - £Nil) due to We Are Pioneer Group Limited.

BioCity Scotland Limited which is a subsidiary of We Are Pioneer Group Limited, held 56.86% of the issued share capital of the company up till 20 June 2018 and has a common director with the company. The company made purchases from BioCity Scotland Limited of £401,430 (2020 - £631,787). At 31 December 2021, the company had a year-end payable of £Nil (2020 - £1,382).

Maven Capital Partners UK LLP has a common director with the company. The company paid fees to Maven Capital Partners UK LLP of £26,780 (2020 - £25,935). At 31 December 2021, the company had a year-end payable of £Nil (2020 - £Nil).

Vivanova Limited has a common director with the company. The company paid fees to Vivanova Limited of £23,740 (2020 - £21,985). At 31 December 2021, the company had a year-end payable of £Nil (2020 - £Nil).

### 24. Controlling party

The company is controlled by the shareholders, of which there is no ultimate controlling party.