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Ligand UK Development Limited
(Previously Vernalis Development Limited)

Annual Report and Financial Statements

31 December 2020

Registered number 2600483

Co

Contents

Strategic Report

The directors present their strategic report and audited financial statements of Ligand UK Development Limited (previously Vernalis Development Limited) (the "Company") for the year ended 31 December 2020.

Principal Activities and Business Review

The principal activity of the Company is the licensing, production, distribution and sale of pharmaceutical products, together with an ancillary operations which enhance directly or indirectly such products and activities.

Principal risks and uncertainties

The principal risks and uncertainties of the Company relate to financial management, liquidity, and management of intellectual property and regulatory compliance.

Risk is managed through a framework of policies, procedures, and internal controls. All polices are subject to Board approval and ongoing review by the senior management team.

On behalf of the Board

Charles Berkman

Charles Berkman
Director
Date: 26 October 2021

Directors' report

The Directors' present their report and audited financial statements of Ligand UK Development Limited (the "Company") for the year ended 31 December 2020.

General Information

The Company is a private company incorporated and domiciled in the UK. The registered office of the Company is: C/O Legalinx Limited 3rd Floor, 207 Regent Street, London, United Kingdom, W1B 3HH.

Key Events

In November 2020, the Company purchased various intangible assets for £6.5 million from Vernalis (R&D) Limited which included the following::

Intangible Asset	Additional Details
CPI-444, an adenosine A2A receptor antagonist	Licensed to Corvus Pharmaceuticals
V158866, a FAAH inhibitor	Licensed to Neuritek Therapeutics Limited
Tuzistra	Trade and assets for the U.S. commercial business

Results and Dividends

The revenue of the Company for the year ended 31 December 2020 and 18 month period ended 31 December 2019 was £32,000 and £2,681,000, respectively. The Company reported a loss of £142,000 for the year ended 31 December 2020 and a profit of £1,915,000 for the 18 month period ended 31 December 2019.

The directors do not recommend the payment of a dividend for the year ended 31 December 2020 (2019: £nil).

Future Developments

The Company is expected to continue to hold a royalty right from Menarini in respect of Frovatriptan and receive annual payment of such royalty in perpetuity.

Directors

The directors of the Company who served during the year ended 31 December 2020 and up to the date of this report, were as follows:

Director's name	Capacity
M Foehr	Director
M Korenberg	Director
C Berkman	Director

Directors' Indemnities

The Company has entered into qualifying third-party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006, which continued in force during the year under review and continue to be enforceable.

Directors' report (continued)

Going Concern

The financial statements of the company has been prepared on a going concern basis which is dependent on the continuing financial support from its ultimate parent company, Ligand Pharmaceuticals Incorporated, which had adequate cash reserves at 31 December 2020 to support the Company for a foreseeable future. Ligand's forecasts show there is adequate cash reserves to meet its day-to-day working requirements. The directors expect the Ligand group to continue in operation for the foreseeable future. The Company therefore adopts the going concern basis in preparing the financial statements.

For further information regarding the ultimate parent Company please see the consolidated Ligand Pharmaceuticals Incorporated financial statements which are available from www.ligand.com.

Post balance sheet events

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of all government and central bank responses, remains unclear at this time. However, the COVID-19 pandemic is not anticipated to impact the Company's financial position.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards), including FRS 101 "Reduced Disclosure Framework", and applicable law. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements ;
- 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. The directors 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.

Directors' report (continued)

Disclosure of information to auditors
In the case of each director in office at the date the Directors' Report is approved:

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

Independent auditors

The auditors, Grant Thornton UK LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board

Charles Berkman

Charles Berkman
Director
Date: 26 October 2021

Independent auditor's report to the members of Ligand UK Development Limited

Opinion

We have audited the financial statements of Ligand UK Development Limited (the 'company') for the year ended 31 December 2020, which comprise the Income Statement, 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 101 'Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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.

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Independent auditor's report to the members of Ligand UK Development Limited (continued)

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors for the financial statements

As explained more fully in the statement of directors' responsibilities, 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.

Independent auditor's report to the members of Ligand UK Development Limited (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered 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. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks applicable to the company and industry in which it operates. We determined that the following laws and regulations were most significant: UK Accounting Standards, including FRS 101 'Reduced Disclosure Framework, Companies Act 2006 and UK tax compliance regulations which is the principal jurisdiction in which the company operates.
- We enquired of management to obtain an understanding of how the company is complying with those legal and regulatory frameworks and whether there were any instances of non-compliance with laws and regulations or whether they had any knowledge of actual or suspected fraud. We corroborated the results of our enquiries through our review of the board minutes and other audit evidence. We did not identify any matters relating to non-compliance with laws and regulation or matters in relation to fraud.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
    - Identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
    - challenging assumptions and judgements made by management in its significant accounting estimates;
    - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations; and
    - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. However, detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as those irregularities that result from fraud may involve collusion, deliberate concealment, forgery, or intentional misrepresentations.

Independent auditor's report to the members of Ligand UK Development Limited (continued)

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- It is the audit partner's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.
- Management have not communicated to the audit team any matters of non-compliance with laws and regulations or fraud and no such matters were identified by the audit team.

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.

Grant Thornton UK LLP

Stephen Wyborn
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
26 October 2021

Income Statement for the year ended 31 December 2020

	Note	**Year ended 31 December 2020 £000**	18-month period ended 31 December 2019 £000
Revenue	4	**32**	2,681
Cost of sales		**(8)**	(302)
Sales and marketing expenditure		**-**	(17)
General and administrative expenditure		**(166)**	1
Operating (loss) / profit	5	**(142)**	2,363
Finance expense	6	**-**	(15)
(Loss) / profit before income tax		**(142)**	2,348
Income tax	7	**-**	(433)
(Loss) / profit for the year / period		**(142)**	1,915

The notes on pages 12 to 19 are an integral part of these financial statements.

All activities relate to continuing operations.

There are no comprehensive income or expenses other than those included in the income statement above. Accordingly, no statement of comprehensive income is given.

Balance sheet as at 31 December 2020

	Note	**31 December 2020 £000**	31 December 2019 £000
Non-current assets			
Intangible assets	8	**6,334**	-
Deferred tax	9	**-**	-
Non-current assets		**6,334**	-
Trade and other receivables	10	**111**	61
Cash and cash equivalents		**-**	19
Current assets		**111**	80
Total assets		**6,445**	80
Liabilities			
Trade and other liabilities	11	**(30,107)**	(23,616)
Non-current liabilities		**(30,107)**	(23,616)
Trade and other liabilities	11	**(23)**	(7)
Current liabilities		**(23)**	(7)
Total liabilities		**(30,130)**	(23,623)
Net liabilities		**(23,685)**	(23,543)
Shareholders' equity			
Share capital	12	**1,419**	1,419
Share premium	12	**19,664**	19,664
Other reserves		**-**	-
Retained deficit		**(44,768)**	(44,626)
Total equity		**(23,685)**	(23,543)

The notes on pages 12 to 19 are an integral part of these financial statements.

The financial statements of the company were approved and authorised for issue by the board of directors and were signed on its behalf by:

Charles Berkman

Charles Berkman
Director
Date 26 October 2021

Ligand Development Limited
Registered number 2600483

Statement of changes in equity for the year ended 31 December 2020

	Share capital £000	Share premium £000	Other reserves £000	Retained deficit £000	Total equity £000
Balance at 1 July 2018	1,419	19,664	1,155	(47,696)	(25,458)
Profit for the period	-	-	-	1,915	1,915
Cancellation of warrants	-	-	(1,155)	1,155	-
Balance at 31 December 2019	**1,419**	**19,664**	**-**	**(44,626)**	**(23,543)**
Loss for the year	-	-	-	(142)	(142)
Balance at 31 December 2020	**1,419**	**19,664**	**-**	**(44,768)**	**(23,685)**

The notes on pages 12 to 19 are an integral part of these financial statements

Notes to the financial statements for the year ended 31 December 2020

1 General Information

Ligand UK Development Limited (Previously Vernalis Development Limited) (the "Company") is a private company incorporated and domiciled in the UK. The registered office of the Company is: C/O Legalinx Limited, 3rd Floor, 207 Regent Street, London, United Kingdom, W1B 3HH.

The principal activities of the company are to engage in discovery, development and sale of pharmaceutical products and related services.

2 Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to the period presented, unless otherwise stated.

Basis of preparation

The financial statements of Ligand UK Development Limited have been prepared in accordance with Financial Reporting Standards 101 'Reduced Disclosure Framework and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The presentation currency used is sterling pounds and have been presented in round thousands ("£000s").

Disclosure exemptions adopted

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

- The following paragraphs of IAS 1, 'Presentation of financial statements':

  – 10(d) (statement of cash flows);

  – 16 (statement of compliance with all IFRS);

  – 38A (requirement for minimum of two primary statements, including cash flow statements);

  – 38B–D (additional comparative information);

  – 111 (cash flow statement information); and

  – 134–136 (capital management disclosures).

- IAS 7, 'Statement of Cash flows
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Significant accounting policies (continued)

Going concern

The financial statements of the company have been prepared on a going concern basis which is dependent on the continuing financial support from its ultimate parent company, Ligand Pharmaceuticals Incorporated, which had adequate cash reserves at 31 December 2020 to support the Company for a foreseeable future. Ligand's forecasts show that there is adequate cash reserves to meet its day-to-day working requirements. The directors expect the Ligand group to continue in operation for the foreseeable future. The Company therefore adopts the going concern basis in preparing the financial statements.

Intangible assets

Intangible assets are stated at cost less amortisation and impairments. The estimated useful life of intangible assets is 7 years.

Receivables

Receivables are recognised at cost less any accumulated impairment losses. The collectability of the intercompany receivables has been assessed individually and reflect the ability of each related party's ability to settle in accordance with the terms of the relevant intercompany agreements.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank deposits repayable on demand and other short-term highly liquid investments with original maturities of 90 days or less.

Revenue recognition

Revenue, which excludes value added tax, provisions for returns, rebates, discounts and other similar allowances, represents the fair value of the consideration received or receivable for the goods and services supplied. Lingards' product sales revenue is recognised on shipment of API to Menarini, with other revenue accrued for royalty based on sales reports provided by Menarini.

Sales and marketing expenditure

Sales and marketing expenditures was expenditure relating to the supply, quality control, regulatory, distribution and sales of Frovatriptan.

Share capital

Ordinary shares are classified as equity.

Share premium

Proceeds over and above the face value of the shares are recognised in share premium.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the financial statements for the year ended 31 December 2020 (continued)

2 Significant accounting policies (continued)

Current and deferred tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted, or substantially enacted, by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences identified at the balance sheet date, except to the extent that the deferred tax arises on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit and loss. Temporary differences are differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax liabilities may be offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Measurement of deferred tax liabilities and assets reflects the tax consequence expected to fall from the manner in which the asset or liability is recovered or settled

Foreign currencies

Transactions in foreign currencies are translated into sterling pounds at the rate of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date. Differences arising due to exchange rate fluctuations are taken to the statement of comprehensive income in the year in which they arise.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

There were no critical judgements or estimates which require disclosures in the financial statements.

Notes to the financial statements for the year ended 31 December 2020 (continued)

4 Revenue Analysis

The analysis of revenue in the table below is based on the country of registration of the fee paying party.

	Year ended 31 December 2020 £000	18-month period ended 31 December 2019 £000
United Kingdom	-	-
Rest of Europe	32	2,681
	32	2,681

An analysis of revenue by category is set out in the table below:

	Year ended 31 December 2020 £000	18-month period ended 31 December 2019 £000
Product sales*	-	2,618
Other	32	63
	32	2,681

* Following the deed of termination and restated license agreement with Menarini signed in September 2018, the company has ceased sale of products effective from May 2019.

5 Operating (loss) / profit

Expenses by nature:	**Year ended 31 December 2020 £000**	18-month period ended 31 December 2019 £000
Cost of inventory sold and other cost of sales	(8)	302
Cost of sales		
Sales and marketing expenditure	-	17
Net foreign exchange gain	-	2
Other operating expenses including overheads, administration activities and staff costs	(166)	(3)
Total operating expenses	(174)	318

	Year ended 31 December 2020 £000	18-month period ended 31 December 2019 £000
Fees payable to the Company's auditors:		
Audit of the Company's financial statements	9	5*
Tax advisory services	2	-
	11	5

*During the period ended 31 December 2019, the audit fees were born by Vernalis R&D Limited, an affiliate to the group.

Notes to the financial statements for the year ended 31 December 2020 (continued)

6 Finance expense

	Year ended 31 December 2020 £000	18-month period ended 31 December 2019 £000
Finance expense		
Interest expense	-	1
Exchange loss on cash	-	14
	-	15

7 Income tax

	Year ended 31 December 2020 £000	18-month period ended 31 December 2019 £000
Origination of temporary differences	-	(433)
Total deferred tax	-	(433)
Total income tax	-	(433)

No liability to UK corporation tax arose during the year ended 31 December 2020 (2019: £nil). The Company had accumulated losses, as computed for taxation purposes including losses transferred under s940A of approximately £80.0 million at 31 December 2020 (2019: £39.3 million) available to be carried forward to future years.

The tax for the period ended 31 December 2020 is lower (2019 lower) than the standard rate of corporation tax and the differences are reconciled below.

	Year ended 31 December 2020 £000	18-month period ended 31 December 2019 £000
(Loss) / profit before tax	**(142)**	2,348
Factors affecting income tax for the year		
Profit on ordinary activities before income tax at 19% (2019: 19%)	**(27)**	446
Other tax and deferred tax (net) adjustments	**27**	(13)
Total Income Tax	-	433

Notes to the financial statements for the year ended 31 December 2020 (continued)

8 Intangible assets

	31 December 2020 Assets in use £000	31 December 2019 Assets in use £000
Cost		
Opening balance	**37,408**	37,408
Additions during the year / period	**6,491**	-
Closing balance	**43,899**	37,408
Accumulated amortisation		
Opening balance	**37,408**	37,408
Amortisation during the year / period	**157**	-
Closing balance	**37,565**	37,408
Net book value	**6,334**	-

Opening value of Intangibles:
Intangible assets in use represent the consideration paid to acquire rights to Frova® in May 2004. Frova® had a useful life to 2014. As profit continues to be generated from these assets in the form of royalties, these assets will remain on account at a net book value of £nil.

Additions:

In November 2020, the Company purchased various intangible assets for £6.5 million from Vernalis (R&D) Limited which include the following:

Intangible Asset	Additional Details
CPI-444, an adenosine A2A receptor antagonist	Licensed to Corvus Pharmaceuticals
V158866, a FAAH inhibitor	Licensed to Neuritek Therapeutics Limited
Tuzistra	Trade and assets for the U.S. commercial business

9 Deferred taxation

Unrecognised deferred tax asset

	31 December 2020 £000	31 December 2019 £000
Tax effect of timing differences		
Losses	**15,204**	6,677
Depreciation over tax allowances	**20**	133
Potential deferred tax asset	**15,224**	6,809

Note 5 gives details of the tax losses available to be carried forward by the Company.

Deferred tax assets are recognized for tax loss carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company had £nil deferred tax assets recognised at 31 December 2020 (2019: £nil).

Notes to the financial statements for the year ended 31 December 2020 (continued)

10 Trade and other receivables

The fair value of trade and other receivables are the current book values.

	31 December 2020 £000	31 December 2019 £000
Trade receivables	**111**	-
Accrued income	**-**	61
Total trade and other receivables	**111**	61

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	31 December 2020 £000	31 December 2019 £000
Pounds	**111**	-
Euro	**-**	61
	111	61

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above. The Company does not hold any collateral as security.

11 Trade and other liabilities

	31 December 2020 £000	31 December 2019 £000
Amounts due to group and subsidiary undertakings	**30,107**	23,616
Non-current trade and other liabilities	**30,107**	23,616
Trade payables	**-**	-
Accruals	**23**	7
Current trade and other liabilities	**23**	7
Total trade and other liabilities	**30,130**	23,623

Amounts due to group and subsidiary undertakings
All non-current amounts due to group undertakings are payable to Ligand UK Limited (Previously Vernalis Limited).

Amounts due to group undertakings included in non-current trade and other liabilities. These amounts are unsecured, interest free and have no stated repayment date. Although technically repayable on demand, they have been classified as non-current payables on the basis that the parent company will not seek repayment within 12 months of the date of the financial statements.

Notes to the financial statements for the year ended 31 December 2020 (continued)

12 Share capital and share premium

	31 December 2020 Number	**31 December 2020 £000**	31 December 2019 Number	31 December 2019 £000
Authorised				
Ordinary shares of 10p each	**20,300,000**	**2,030**	20,300,000	2,030
Preference shares of 10p each	**16,200,000**	**1,620**	16,200,000	1,620
	36,500,000	**3,650**	36,500,000	3,650
Issued, called up and fully paid				
Ordinary shares of 10p each	**923,153**	**92**	923,153	92
Preference shares of 10p each	**13,271,496**	**1,327**	13,271,496	1,327
	14,194,649	**1,419**	14,194,649	1,419

Ordinary and preference shares rank pari passu in respect of dividends and voting rights. On a winding up, preference shares have a preferential right to return of share capital and share premium but rank *pari passu with respect to future distribution.*

The share premium account is a non-distributable reserve.

13 Employees and Directors

The remuneration of the directors was borne by a fellow group company and no charges were transferred to the Company. The Company had no employees in the year ended 31 December 2020 (2019: nil) and incurred no staff costs.

14 Parents and the controlling party

The company's immediate parent is Ligand UK Group Limited (Previously Vernalis Group Limited), a company registered in the UK.

The Company's ultimate parent and controlling party is Ligand Pharmaceuticals Incorporated, a company registered in the USA. For further information regarding the parent Companies, please see the Consolidated Ligand Pharmaceuticals Incorporated financial statements which are available at www.ligand.com.