

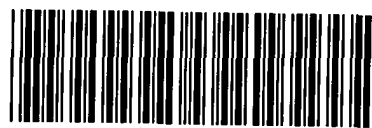


Company number 3671653

Pulmagen Therapeutics (Synergy) Limited

report for the period ended 31 September 2019

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Contents

Company information	2
Directors' report	3
Unaudited profit and loss account	5
Unaudited statement of comprehensive income	5
Unaudited balance sheet	6
Unaudited statement of changes in equity	7
Notes to the unaudited financial statements	8

Company information

Directors

Dr C P Ashton
C G Knox

Secretary

C G Knox

Bankers

Royal Bank of Scotland
Corporate Banking
280 Bishopsgate
London EC2M 4RB

Solicitors

Taylor Vinters LLP
Merlin Place
Milton Road
Cambridge CB4 0DP

Registered office

c/o MVM Partners LLP
30 St. George Street
London
W1S 2FH

Registered number

3671653 (England & Wales)

Directors' report

Company no. 3671653

The directors present their report and unaudited financial statements for the 18 months ended 30 September 2019.

Review of the business

The company became largely dormant from 20 September 2017 and closed its bank account in February 2020. It is intended that the board will apply to have the company dissolved and the dissolution is expected to take place during 2020.

The company's forecasts show that it is able to fund its expenditure out of its existing cash resources and has no requirement to raise further capital. However, since the directors have decided to have the company dissolved, it is not appropriate to prepare the financial statements on a going concern basis and accordingly they are prepared on a break-up basis. However this change to the basis of preparation has no material effect on the financial statements.

Audit exemption

The directors have elected to take advantage of the exemption from audit available under section 477 of the Companies Act 2006 ('the Act') relating to small companies. Accordingly, the financial statements presented in this annual report are unaudited as is this report.

Result and dividends

The unaudited loss for the period was £5,327 (2018: profit of £146,601). No dividend was paid or is recommended for the current year (2018: £nil).

Directors

The names of the present directors of the company and those that served during the year are shown below:

Dr C P Ashton
C G Knox

Indemnity in favour of directors

The company has agreed to indemnify the directors to the extent permitted by law in respect of all liabilities incurred by them in the execution of their duties as directors of the company.

Post balance sheet event

On 22 December 2019, the Company's employee benefit trust decided to distribute the trust's assets to certain beneficiaries of the trust in view of the intended dissolution of the Company and in accordance with a proposal made by the parent company's directors prior to the disposal of the company's intellectual property rights during September 2017. See note 9 for details of the impact on the Company's cash balance.

Directors' report continued

Statement of directors' responsibilities

The directors are responsible for preparing the the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102, The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).


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;
- state whether applicable United Kingdom Accounting Standards, including FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify the company's shareholder in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

A handwritten signature in black ink, appearing to read 'Colin G Knox', written over a horizontal line.

Colin G Knox
Secretary
25 June 2020

Unaudited profit and loss account for the 18 months ended 30 September 2019

		18 months ended 30 September 2019 £	Year ended 31 March 2018 £
	Notes		
Operating expenses			
Other external expenses		16,627	9,005
Net operating expenses		16,627	9,005
Operating loss		(16,627)	(9,005)
Income from other fixed asset investments	6	-	164,135
Interest receivable - bank interest		11,300	-
Amounts written off investments	6	-	(8,529)
(Loss)/profit before tax		(5,327)	146,601
Tax on (loss)/profit	5	-	-
(Loss)/profit for the financial period		(5,327)	146,601

All operations reflected in the profit and loss account above are continuing.

Unaudited statement of comprehensive income for the 18 months ended 30 September 2019

The company has no material items of comprehensive income other than those shown in the profit and loss account above.

Unaudited balance sheet
at 30 September 2019

Company no. 3671653

	Notes	30 September 2019 £	31 March 2018 £
Fixed assets			
Investments	6	1	1
Current assets			
Cash at bank and in hand	7	382,676	473,902
		382,676	473,902
Creditors: amounts falling due within one year	8	(7,904)	(93,803)
Net current assets		374,772	380,099
Total assets less current liabilities		374,773	380,100
Net assets		374,773	380,100
Capital and reserves			
Called-up share capital	11	1,000	1,000
Retained earnings		373,773	379,100
Total equity		374,773	380,100

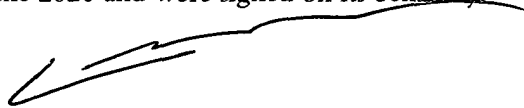
For the 18 month period ending 30 September 2019, the company was entitled to exemption from audit under section 477 of the Companies Act 2006 ('the Act') relating to small companies.

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

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

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

The financial statements were approved and authorised for issue by the board of directors on 25 June 2020 and were signed on its behalf by:



Colin G Knox
Director

Unaudited statement of changes in equity for the 18 months ended 30 September 2019

	Share capital £	Retained earnings ¹ £	Total £
Balance at 1 April 2017	1,000	232,499	233,499
Profit for the financial year	-	146,601	146,601
Balance at 31 March 2018	1,000	379,100	380,100
Balance at 1 April 2018	1,000	379,100	380,100
Loss for the financial period	-	(5,327)	(5,327)
Balance at 30 September 2019	1,000	373,773	374,773

¹Retained earnings represents accumulated comprehensive income for the year and prior periods less dividends paid.

Notes to the unaudited financial statements for the 18 months ended 30 September 2019

1 General information

The company is a private company limited by shares which was incorporated under the Companies Act 1985 in the United Kingdom. It is registered in England and the address of its registered office is c/o MVM Partners LLP, 30 St. George Street, London, W1S 2FH.

2 Statement of compliance

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards as applicable to small companies, including paragraph 1A of Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland* (FRS 102) and the Companies Act 2006.

3 Principal accounting policies

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

Basis of preparation

As explained in the directors' report, the unaudited financial statements have been prepared on a break-up basis given the directors' intention to apply to have the company dissolved, and under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting estimates and management's exercise of judgement in applying the company's accounting policies. There are no particular areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholder.

The company has not prepared a statement of cash flows on the basis that it is not required to do so under the small entity provisions of FRS 102 section 1A.

Notes to the unaudited financial statements continued

3 Principal accounting policies continued

Consolidated financial statements

The company has only one subsidiary which is immaterial and so may be excluded from consolidation under section 405 of the Companies Act 2006. The company is therefore exempt by virtue of section 402 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

The company considers that it has *de facto* control of the Argenta Employee Trust, the company's employee benefit trust ('EBT') which it sponsors, notwithstanding the legal duties of the trustees. The assets and liabilities of the EBT are accounted for as assets and liabilities of the company and included in the company's financial statements as appropriate.

These financial statements are the company's separate financial statements.

Foreign currencies

The financial statements are presented in pounds sterling, the company's functional currency. Transactions in other currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities not denominated in pounds sterling are retranslated at the rate of exchange ruling at the balance sheet date.

Foreign exchange gains and losses are taken to the profit and loss account in the period in which they arise.

Interest and dividend income

Interest income is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current and deferred taxation assets and liabilities are not discounted.

Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the unaudited financial statements continued

3 Principal accounting policies continued

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different to those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted or, where the deferred tax asset arises from current period tax losses, to the extent that such losses could be surrendered for research and development tax credits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Investments

Investments are held at cost less accumulated impairment losses.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

Financial instruments

The company has only basic financial assets and liabilities. The company has chosen to adopt Section 11 of FRS 102 in respect of financial instruments.

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in non-convertible preference shares and non-puttable ordinary shares, are initially recognised at transaction price.

Such assets are subsequently carried at amortised cost using the effective interest method except for investments in non-convertible preference shares and non-puttable ordinary shares which are carried at cost.

At the end of each reporting period, financial assets measured at cost or amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Notes to the unaudited financial statements continued

3 Principal accounting policies continued

Financial instruments continued

Financial assets continued

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed that which it would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial liabilities

Basic financial liabilities, including trade and other payables, are initially recognised at transaction price.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally 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.

Share capital

The company's ordinary shares and preference shares, which place the company under no obligation to deliver cash or another financial asset to their holders except in the case of liquidation of the company, are classified as equity. Incremental costs directly attributable to the issue of new ordinary and preference shares are shown in equity as a deduction, net of tax, from the proceeds.

Distributions to equity holders

Dividends and other distributions to the company's shareholder are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholder. These amounts are recognised in the statement of changes in equity.

Related party transactions

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

Notes to the unaudited financial statements continued

4 Directors' emoluments

The company has no employees other than its directors to whom it paid no emoluments in either the current or prior year.

5 Tax on (loss)/profit - reconciliation of tax charge

	18 months ended 30 September	Year ended 31 March
	2019	2018
	£	£
(Loss)/profit before tax	(5,327)	146,601
(Loss)/profit on ordinary activities multiplied by the statutory rate of UK corporation tax of 19% (2018: 19%)	(1,012)	27,854
Effects of:		
Net expenses not deductible for tax purposes	57	-
Impairment of investments held by EBT	-	1,621
Non-taxable income earned by EBT	(2,147)	(31,186)
Losses carried forward	3,102	1,711
Tax charge for the period	-	-

6 Investments

(a) Fixed asset investment in subsidiary undertaking

The company has one wholly owned subsidiary undertaking, Etiologics Limited ("Etiologics"), which is registered in England and Wales, is dormant and has only ordinary shares in issue.

(b) Other investments

Fixed asset investments comprises the shares held by the Argenta Employee Trust ("EBT") at cost less accumulated impairment expenses.

The EBT is a Channel Islands trust which was established in 2002 as a vehicle to acquire shares in the company from former employees and directors of the company for the benefit of current and former directors and employees of the company.

Notes to the unaudited financial statements continued

6 Investments continued

(b) Other investments continued

The EBT held 202,243 ordinary shares (being 1.21% of the called up share capital of that class) and 296,217 B preference shares (being 3.98% of the called-up share capital of that class) in each of Pulmagen Therapeutics (Holdings) Limited (the company's parent company), Pulmagen Therapeutics (Inflammation) Limited and, until 20 September 2017, Pulmagen Therapeutics (Asthma) Limited ("PTAL").

On 20 September 2017, PTAL was sold to a US company, AA Biopharm, Inc. realising a profit on disposal for the EBT of £165,000. The company then reviewed the carrying value of the EBT's remaining investments and concluded that those investments should be written down to nil.

	18 months ended 30 September	Year ended 31 March
	2019	2018
	£	£
Cost		
At 1 April	8,529	28,798
Disposal of PTAL	-	(20,269)
Cost at 30 September / 31 March	8,529	8,529
Accumulated impairment losses		
At 1 April	8,529	-
Charge for the period	-	8,529
Accumulated impairment at 30 September / 31 March	8,529	8,529
Net book value at 30 September / 31 March	-	-

Notes to the unaudited financial statements continued

7	Cash at bank and in hand	30 September 2019 £	31 March 2018 £
	Cash at bank	8,407	21,880
	Restricted cash	374,269	452,022
		<u>382,676</u>	<u>473,902</u>

The restricted cash balance comprises cash held by the company's employee trust for the benefit of the company's current and former employees. This balance is not available for general operational use by the company or for distribution to shareholders but may additionally be used to satisfy the trust's liability to UK income tax.

Post balance sheet event

During December 2019, the Company's employee benefit trust decided to distribute the trust's assets to certain beneficiaries of the trust in view of the intended dissolution of the Company and in accordance with a proposal made by the parent company's directors prior to the disposal of the company's intellectual property rights during September 2017. Following that distribution of trust assets, the restricted cash balance became £nil.

8	Creditors: amounts falling due within one year	30 September 2019 £	31 March 2018 £
	Trade creditors	-	26
	Other taxation and social security	-	89,052
	Accruals	7,904	4,725
		<u>7,904</u>	<u>93,803</u>

Notes to the unaudited financial statements continued

9 Deferred taxation

	30 September 2019 £	31 March 2018 £
Deferred taxation asset arising on:		
Tax losses carried forward	32,975	28,301
Deferred tax asset not recognised	(32,975)	(28,301)
Total deferred tax asset	-	-

At the balance sheet date, the company had carried forward tax losses of approximately £173,553 (2018: £157,228). The deferred tax asset arising on tax losses carried forward has not been recognised as there will be no future taxable profits against which it might be utilised.

10 Financial instruments

	30 September 2019 £	31 March 2018 £
Financial assets that are equity instruments measured at cost less impairment:		
Investments (see note 6)	1	1
Financial liabilities measured at amortised cost:		
Trade creditors	-	26

The company has no derivative financial instruments.

11 Share capital

	30 September 2019 Number	31 March 2018 Number	30 September 2019 £	31 March 2018 £
Authorised, allotted, called up and fully paid				
Ordinary shares of £0.01 each	100,000	100,000	1,000	1,000

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends or the repayment of capital.

Notes to the unaudited financial statements continued

12 Related party transactions

The company's directors are members of Pulmagen Therapeutics LLP. The company therefore considers Pulmagen Therapeutics LLP to be a related party.

The company purchased the following services from Pulmagen Therapeutics LLP.

	18 months ended 30 September 2019 £	Year ended 31 March 2018 £
Management services	14,199	2,428

At 30 September 2019, the company owed Pulmagen Therapeutics LLP £nil (2018: £nil).

13 Parent undertaking and ultimate parent company

Until 24 December 2019, the immediate and ultimate parent undertaking and controlling party was Pulmagen Therapeutics (Holdings) Limited which was the parent undertaking of the smallest and largest group to consolidate these financial statements. Pulmagen Therapeutics (Holdings) Limited was a private company limited by shares registered in England with number 6648734 and was dissolved on 24 December 2019 whereupon ownership of the company transferred to the Crown.

Copies of historical consolidated financial statements of Pulmagen Therapeutics (Holdings) Limited are available from Companies House.