ASTEX THERAPEUTICS LIMITED

Company Registration Number – 03751674

Annual Report and Financial Statements
For the year ended 31 December 2022

REGISTERED NUMBER 03751674

DIRECTORS
T Sudo
H Jhoti
T Blundell
R McQuade

COMPANY SECRETARY
N Jones

AUDITOR
KPMG LLP
Dragonfly House
2 Gilders Way
Norwich
NR3 1UB
United Kingdom

REGISTERED OFFICE
436 Cambridge Science Park
Milton Road
Cambridge
CB4 0QA

STRATEGIC REPORT

The directors, in preparing this Strategic Report, have complied with s414C of the Companies Act 2006.

PRINCIPAL ACTIVITIES

The company's principal activity continues to be fragment-based drug discovery using a range of high-throughput biophysical and computational techniques, including x-ray crystallography. The company's unique approach - Pyramid™ - has enabled the generation of a pipeline of novel small molecule drug candidates which the company is advancing through collaborations.

SECTION 172 STATEMENT

The directors ensure that the company runs on the core values of its ultimate holding company, Otsuka Holdings Co., Ltd which are:

> Creativity – Sozosei – Resisting the urge to copy and pursuing that which only Otsuka is capable of delivering.
>
> Actualisation – Jissho – Self actualisation through achievement, completion and discovery of truth.
>
> Commitment – Ryukan-Godo – by sweat we recognise the way. The process of discovering the core substance of something through hard work and practice.

The directors of all UK companies must act in accordance with a set of general duties. These duties are detailed out in section 172 of the UK Companies Act 2006. The Board of Directors, both individually and together, consider that they have acted in a way they consider good faith, would be most likely to promote the success of the company for the benefit of its shareholders as a whole and in doing so have regard, amongst other matters, to:

The likely consequences of any decision in the long term

The business philosophy of the company is to provide long term value for both scientific collaborators and shareholders alike. We invest in both high calibre individuals who will grow with us over the long-term and scientific innovation and rigour to ensure long-term success of the company.

The interest of the company's employees

The company is committed to diversity and inclusion and offering equal opportunities to all people in their recruitment, training, and career development. Monthly company meetings keep the employees informed of all key decisions and developments. There has been continued support for all employees during the year with help and assistance available for physical and mental wellbeing as well as covid secure working conditions in the workplace.

The need to foster the company's business relationships with suppliers, customers and others

The company's reputation depends on good business relationships with suppliers and scientific collaborators.

We continue to pay our suppliers on or before the due date.

The company has a rigorous process to ensure stakeholders are included in the decision-making process.

The Board of Directors, Scientific Advisory Board, affiliate companies and employees are all included throughout the year with regular and continuous communications and scientific interactions.

The impact of the company's operations on the community and the environment

The company considers the impact on the wider community and environment of its business activities with future success being based on achieving balance and sustainability with regard to our economic, social and environmental goals.

The desirability of the company maintaining a reputation for high standards of business conduct

As part of the Otsuka group, the company strives to maintain high standards of business conduct in all actions in relationships with both scientific collaborators and suppliers by following all of Otsuka's code of conduct and compliance policies.

The need to act fairly between members of the company

As a wholly owned subsidiary with an ultimate holding company of Otsuka Holdings Co., Limited, the interests of the company are aligned with those of its ultimate parent company.

REVIEW OF THE BUSINESS

The company continues to progress its discovery portfolio with the key objective of producing clinical candidates.

The company's key financial performance indicators during the year were as follows:

	2022	2021	Change
	£	£	%
Turnover	120,351,321	95,212,679	26%
Operating Costs	51,287,922	49,693,778	3%
Profit after taxation	65,726,357	39,867,658	65%

Company turnover has increased by 26%. This is primarily due to increased royalty payments in respect of the research collaborations with Novartis and Janssen.

The operating costs decreased by 3% due to a reduction in outsourcing activities.

As a result of the above and the foreign exchange gain, the company's profit after taxation has increased by 65%.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are:

Scientific Risk
The company is producing novel, small molecule therapeutics and as such there is an inherent risk in relation to the success of the science. The company believes that the use of its unique approach reduces the standard industry risks in relation to the project failures before and during the clinic, but recognises that there are still significant risks in getting clinical candidates to market.

Regulatory Risk
The pharmaceutical sector is regulated by relevant authorities in the EU, US and rest of the world. There is a risk that the company may not be able to agree study designs with the regulatory authorities that are mutually acceptable or that the regulatory requirements may change during the course of the study, rendering the results of the study unusable.

Operational Risk
The Covid-19 pandemic has caused ongoing operational issues with reduction in site capacity required in order to keep employees safe. The company has mitigated this operational risk by reviewing and expanding its capabilities with third party providers where possible. It is expected there will be no overall material impact.

Foreign Currency Risk
The company buys and sells goods and services denominated in currencies other than sterling. As a result, the value of the company's non-sterling revenues, purchases, financial assets and liabilities and cash flows can be affected significantly by movements in exchange rates in general and in US Dollar and Euro rates in particular.

RESEARCH AND DEVELOPMENT
Expenditure on research and development during the year amounted to £46,507,356 (2021: £44,797,317), all of which has been charged to the income statement.

FUTURE DEVELOPMENTS
The company has made further progress in developing and progressing its clinical candidates towards and into the clinic. It is expected that the company will be able to continue to develop additional clinical candidates and to progress its current portfolio.

Approved by the Board of Directors
and signed on behalf of the Board on 09 February 2023

N Jones
Company Secretary

DIRECTORS' REPORT

The directors present the annual report and audited financial statements of Astex Therapeutics Limited (the "company") for the year ended 31 December 2022. Under Section 414C (11) of the Act, the directors may include in the strategic report such of the matters otherwise required by regulations made under section 416(4) to be disclosed in the directors' report as the directors consider are of strategic importance to the company. This includes principal risk and uncertainties, research and development and future developments of the business.

RESULTS AND DIVIDENDS

The retained profit for the year amounted to £65,726,357 (2021: £39,867,658), which remains to be set against reserves. The directors approved the payment of a £50m dividend during the year (2021: £25m) with no further dividends proposed.

CAPITAL MANAGEMENT

The primary objective of the company's capital management is to ensure appropriate liquid resources are available to fund the daily operations of the business. The company finances its activities with a combination of revenues from collaborations and the Master Services Agreement (MSA) with Otsuka Pharmaceuticals Co., Ltd, an affiliate company.

ENERGY AND CARBON REPORT

In the year we continue to review sustainable energy within the company such as the current solar panels which produce on average 71,510 kWh (2021: 70,700) per year. Energy usage in kWh in the year was 11,670,516 (2021: 11,701,418) with associated greenhouse gas emissions amounting to 2,709 (2021:2,728) Tonnes CO^2 equivalent resulting in an intensity ratio of 0.37 (2021: 0.38) tonnes per m^2 of floor space.

UK energy use covers research and development activities.

Associated greenhouse gases have been calculated using Greenhouse gas reporting conversion factors from Department for Business, Energy and Industrial strategy. The factor is based on the carbon emissions generated by the current UK power stations per kWh generated.

GOING CONCERN

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operation for the foreseeable future, being at least twelve months from the date of approval of the financial statements as detailed in note 2.

The company continues to invest in its products which will incur future costs. Its ability to carry through its research and development programmes is dependent on the MSA with Otsuka Pharmaceutical Co., Ltd which provides funding to the company on a cost-plus basis for all agreed research and development expenditure on an annual basis and receipts from collaborations with pharmaceutical partners.

DIRECTORS AND THEIR INTERESTS

The following directors served from 1 January 2022 to the date of this report unless otherwise noted:

T Sudo
H Jhoti
M Azab (Resigned 11 April 2022)
T Blundell
R McQuade

None of the directors held interests in the shares of the company at any stage during the year.

SECTION 172

The directors have considered Section 172 as detailed in the strategic report.

DIRECTORS' INDEMNITY INSURANCE

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

POLITICAL CONTRIBUTIONS

No political donations were made during the year (2021: £nil)

FINANCIAL INSTRUMENTS

The company's principal financial instruments are cash and cash equivalents, trade and other receivables and lease liabilities. The main purpose of these financial instruments is to fund the company's operations. Disclosures in relation to these financial instruments are detailed in note 20 of these financial statements.

APPOINTMENT OF AUDITOR

Elective resolutions to dispense with holding annual general meetings, the laying of accounts before the Company in general meeting and the appointment of auditor's annually are currently in force. KPMG will therefore be deemed to have been reappointed at the end of the period of 28 days beginning with the day on which copies of this report and accounts are sent to members unless a resolution is passed to the effect that their appointment be brought to an end.

DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors who were members of the board at the time of approving the Directors' Report are listed on page 2. Each person who is a director at the date of approval of this annual report confirms that:

So far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and

The director has 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 auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board on 09 February 2023.

N Jones
Company Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT, STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report, the Strategic Report, 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 they have elected to prepare the financial statements in accordance with UK-adopted international 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 estimates that are reasonable, relevant and reliable;

state whether they have been prepared in accordance with UK-adopted international accounting standards;

assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and

use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASTEX THERAPEUTICS LIMITED

Opinion

We have audited the financial statements of Astex Therapeutics Limited ("the Company") for the year ended 31 December 2022 which comprise the Income Statement, Statement of Financial Position, Statement of Changes in Equity and Statement of Cashflows, and related notes, including the accounting policies in note 3.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.

Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because management have very limited opportunity to manipulate the amount of revenue earned at any point in time.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Company-wide fraud risk management controls.

We also performed procedures including:

identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to cash accounts with corresponding unrelated accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and others management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, employment law, and certain aspects of company legislation recognising the nature of the Company's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

we have not identified material misstatements in the strategic report and the directors' report;

in our opinion the information given in those reports for the financial year is consistent with the financial statements; and

in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Michael Scrivener (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
KPMG LLP
Dragonfly House
2 Gilders Way
Norwich
NR3 1UB
United Kingdom

Date: 09 February 2023

INCOME STATEMENT
for the year ended 31 December 2022

	Notes	2022 £	2021 £
Revenue	4	117,178,479	92,355,171
Research and development credit		3,172,842	2,857,508
Research & development costs		(46,507,356)	(44,797,317)
Administration expenses		(4,780,566)	(4,896,461)
Operating profit	6	69,063,399	45,518,901
Finance income	9	5,786,929	747,700
Finance costs	10	(1,547,518)	(565,463)
Profit before taxation		73,302,810	45,701,138
Tax charge	11	(7,576,453)	(5,833,480)
Profit for the year		65,726,357	39,867,658

All figures relate to continuing activities.

There are no recognised gains or losses other than the gains attributable to the shareholders of the company of £65,726,357 (2021: £39,867,658) and consequently no separate statement of comprehensive income has been presented.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2022

	Notes	2022 £	2021 £
Non-current assets			
Property, plant and equipment	12	22,011,591	21,265,189
Right-of-use assets	13	18,704,480	18,214,104
Intangible assets	14	346,105	389,306
Rent deposit	13	2,049,024	2,049,024
Investments	15	5,942,161	4,921,759
		49,053,361	46,839,382
Current assets			
Trade and other receivables	16	31,125,100	22,998,334
Research and development credit		3,082,762	3,207,419
Cash and cash equivalents	17	38,101,162	32,385,438
		72,309,024	58,591,191
Total assets		121,362,385	105,430,573
Current liabilities			
Trade and other current liabilities	18	(5,128,577)	(6,672,756)
Corporation tax	18	(817,861)	(825,056)
Lease liabilities	13/18	(2,345,321)	(2,068,011)
		(8,291,759)	(9,565,823)
Non-Current liabilities			
Lease liabilities and other non-current liabilities	19	(18,502,774)	(17,648,140)
Provisions	12	(670,000)	-
Deferred tax liability	11	(4,865,759)	(4,910,874)
Total liabilities		(32,330,292)	(32,124,837)
Net assets		89,032,093	73,305,736
Capital and reserves			
Share capital	21	100	100
Retained earnings		89,031,993	73,305,636
Total equity		89,032,093	73,305,736

The notes on pages 17-35 are an integral part of these financial statements.
These financial statements for Astex Therapeutics Limited, Company Registration No. 03751674 were approved and authorised for issue by the Board of Directors and signed on its behalf on 09 February 2023 by:

H Jhoti
Director

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2022

	Note	Share Capital	Retained Earnings	Total Equity
		£	£	£
At 1 January 2021		100	58,437,978	58,438,078
Profit for the year		-	39,867,658	39,867,658
Dividend Paid	21	-	(25,000,000)	(25,000,000)
At 31 December 2021		100	73,305,636	73,305,736
Profit for the year		-	65,726,357	65,726,357
Dividend Paid	21	-	(50,000,000)	(50,000,000)
At 31 December 2022		100	89,031,993	89,032,093

STATEMENT OF CASHFLOWS
for the year ended 31 December 2022

	Notes	2022 £	2021 £
Operating activities			
Profit before taxation		73,302,810	45,701,138
Interest income	9	(66,643)	(2,756)
Interest expense	10	854,972	565,463
Unrealised foreign exchange gain		(5,720,286)	-
Fair value loss/(gain) on investment	9/10	692,546	(744,944)
Total operating profit		69,063,399	45,518,901
Non-cash adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	12/13	6,304,227	5,811,798
Amortisation intangible assets	14	164,277	113,390
Cash settled share-based payments	22	303,544	241,806
Working capital adjustments:			
Increase in trade and other receivables	16	(8,126,766)	(4,351,774)
Research and development credit		124,656	(723,159)
(Decrease)/increase in trade and other payables		(1,544,179)	275,063
Net cash flows from operations		66,289,158	46,886,025
Net income tax paid		(7,628,763)	(2,993,996)
Net cash flow generated by operating activities		58,660,395	43,892,029
Investing activities			
Purchase of property plant and equipment	12	(4,015,229)	(1,667,061)
Purchase of intangible assets	14	(121,075)	(252,834)
Investments paid	15	(1,712,948)	(1,165,295)
Investments returned	15	-	1,077,800
Interest received	9	66,643	2,756
Net cash flow used in investing activities		(5,782,609)	(2,004,634)
Financing activities			
Dividends paid	21	(50,000,000)	(25,000,000)
Principal elements of lease payments	13	(2,791,554)	(2,139,346)
Interest paid	13	(90,794)	(69,581)
Net cash flow used in financing activities		(52,882,348)	(27,208,927)
Increase in cash and cash equivalents		(4,562)	14,678,468
Cash and cash equivalents at the beginning of the year		32,385,438	17,706,970
Effect of exchange rate fluctuations on cash held		5,720,286	
Cash and cash equivalents at the year end	17	38,101,162	32,385,438

1. Corporate information

Astex Therapeutics Limited is a private company limited by shares, incorporated and domiciled in the United Kingdom under the Companies Act 2006 and registered in England and Wales. It is a 100% subsidiary of Otsuka America, Inc.

The financial statements are presented in pounds sterling which is the functional currency for the Company and are prepared on a historical cost basis except for investments which are measured at fair value. The principal accounting policies adopted are set out below.

2. Basis of preparation and statement of compliance

The accounting policies which follow below set out those policies which apply in preparing the financial statements for the year ended 31 December 2022.

The company's financial statements have been prepared in accordance with UK-adopted International accounting standards (UK-adopted IFRS).

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates.

Going concern

The financial statements have been prepared on a going concern basis, which assumes that the company will continue in operation for the foreseeable future, being at least twelve months from the date of approval of the financial statements.

The company continues to invest in its products which will incur future costs. Its ability to carry through its research and development programmes is dependent on the MSA with Otsuka Pharmaceutical Co., Ltd which provides funding to the company on a cost-plus basis for all agreed research and development expenditure on an annual basis and receipts from collaborations with pharmaceutical partners.

The Company has a strong balance sheet, including a cash balance of £38.1m as at 31 December 2022, and no debt. The directors have prepared forecasts covering at least 12 months from the date of approval of the financial statements, which show continued future profitability and positive cashflow coupled with the lack of debt. The Directors have also considered Otsuka Pharmaceutical Co., Ltd.'s ability and willingness to continue funding through the MSA when considering going concern. Accordingly, the Directors continue to prepare the accounts on a going concern basis.

3. Summary of significant accounting policies

Property, plant and equipment
All property, plant and equipment are carried at cost less depreciation

Depreciation
Depreciation is provided on all property, plant and equipment, at rates calculated to write off the cost to the estimated residual value of each asset over its expected useful life on a straight-line basis, as follows:

Leasehold improvements	- over the useful economic life or the remaining life of lease, whichever is shorter
Computers and office equipment	- 3 to 5 years
Plant and equipment	- 5 to 8 years
Motor vehicles	- 5 years

The carrying values of property, plant and equipment are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Assets under construction
All assets under construction are held at cost and are not depreciated.

Intangible assets
All intangible assets are carried at cost less accumulated amortisation.

Amortisation
Amortisation is provided on all intangible fixed assets, at rates calculated to write off the cost of each asset over its expected useful life on a straight-line basis, as follows:

Computer software - 3 years

The carrying values of intangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Investments – Financial assets at fair value through profit or loss
Financial asset investments are held at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the balance sheet at the fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement. The final position is estimated using the report provided by the investors at the end of the period.

Financial Instruments
Recognition and initial measurement:
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.
A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement:
On initial recognition, a financial asset is classified as measured at: amortised cost or FVTPL.
Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities are classified as measured at amortised cost. All financial liabilities are subsequently measured at amortised cost

Derecognition:
The Company derecognises a financial asset when:
– the contractual rights to the cash flows from the financial asset expire; or
– it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting:
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company has a legally enforceable right to set off the amounts and it intends either to settle them on net basis or to realise the asset and settle the liability simultaneously.

Impairment:
Trade receivables, which generally have 30-90 day terms, are recognised and carried at the lower of their original invoiced value and recoverable amount. A loss allowance is recognised on initial recognition of financial assets held at amortised cost, based on expected credit losses, and is remeasured annually with changes appearing in profit or loss. Where there has been a significant increase in credit risk of the financial instrument since initial recognition, the loss allowance is measured based on lifetime expected losses. In all other cases, the loss allowance is measured based on 12 month expected losses. For assets with a maturity of 12 months or less, including trade receivables, the 12-month expected loss allowance is equal to the lifetime expected loss allowance.

Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Research and development
Research and development expenditure is charged to the income statement as incurred. The conditions required for capitalisation of research and development expenditure have not been deemed to have been met.

Short term and low value leases
The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Leases
The company leases R&D laboratories, offices and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options.

Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

Fixed payments (including in-substance fixed payments), less any lease incentives receivable
Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
Amounts expected to be payable by the company under residual value guarantees

The exercise price of a purchase option if the company is reasonably certain to exercise that option, and

Payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the incremental borrowing rate is used, being the rate that the company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company used third-party financing organisations to provide current borrowing rates for leases similar to the company's leases.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

Right of use asset
The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Provisions
The Company provides for dismantling costs in relation to its leasehold improvement assets based on a future anticipated cost.

Pensions
Defined contributions are made by the company to certain individual employees' personal pension plans. The pension cost charge represents contributions payable in the year.

Cash-settled share-based payment plan
The Group has adopted equity-linked compensation entitlements as a cash-settled share-based payment plan. For the cash-settled share-based payments, the fair value of payments is recognised as a liability, and any changes in the fair value of the liability are recognised as income or expense until the liability is settled.

Revenue recognition
Revenue principally consists of income received through the MSA with Otsuka Pharmaceutical Co., Ltd. together with income received from clinical and development milestones and royalties. These are stated net of trade discounts, VAT and other sales related taxes.

Royalties: Revenue is recognised throughout the year quarterly in arrears by means of a report from the respective collaborating partner. The report details the income calculated in line with the contractual terms, invoices are raised in either GBP or USD and paid within 2 months.

Otsuka Pharmaceutical Co., Ltd recharge – Revenue from Otsuka Pharmaceutical Co., Ltd is calculated monthly on research and development costs with a mark-up in line with the MSA. Invoices are raised in GBP to Otsuka Pharmaceutical Co., Ltd monthly and payment received by the end of the following month.

The clinical and development milestone payments when a corporate partner achieves key stages in development are only recognised as revenue on completion of the relevant milestone and formal agreement of completion by the corporate partner. The royalties are recognised in the same period as when the revenue for which the royalties relate to are recognised by the collaboration partner.

Significant judgements and estimates
There are no significant judgements or estimates used in the course of preparing these financial statements.

Income taxes
Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary timing differences arising between tax bases of assets and liabilities and their carrying amounts in the financial statements:

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Income tax is charged or credited directly to equity if it relates to items that are charged or credited to equity. Otherwise income tax is recognised in the income statement.

Foreign currencies
The functional and presentational currency of the company is pounds sterling.

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Finance income and costs
Finance income is recognised as interest accrues using a straight-line basis over the length of the contract.

Finance cost is recognised on the same basis as is highlighted in the appropriate contracts which equates to the effective interest method.

New standards and interpretations applied in the year

The following UK-adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated.

IFRS 17 Insurance Contracts, Amendments to IFRS 17 and Initial Application of IFRS17 and IFRS9 – Comparative information (effective date 1 January 2023)

Amendments to IAS1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current and Non-current (effective date to be confirmed)
Amendments to IAS 8 Accounting Policies, changes in Accounting Estimates and Errors to introduce a new definition for accounting estimates (effective date 1 January 2023)
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (effective date 1 January 2023)
Amendments to IAS 12 Income Taxes – Deferred Tax related to Assets and Liabilities Arising from a Single Transaction (effective date 1 January 2023).

4. Revenue

Revenue recognised in the income statement is analysed as follows:

	2022	2021
	£	£
Otsuka Pharmaceutical Co., Ltd.	53,645,876	52,059,666
Research and development collaborations	63,532,603	40,155,997
Facility income	-	139,508
	117,178,479	92,355,171

5. Geographical analysis of revenue

An analysis of turnover by geographical market is provided below.

	2022	2021
Turnover by destination	£	£
Japan	53,645,876	52,059,666
Europe	63,532,603	40,295,505
	117,178,479	92,355,171

6. Operating profit

This is stated after charging / (crediting):

	Notes	2022	2021
		£	£
Depreciation of property, plant and machinery	12	3,938,827	3,875,422
Depreciation of right-of-use assets	13	2,365,400	1,936,376
Amortisation of intangible assets	14	164,277	113,390
Total depreciation and amortisation expenses		6,468,504	5,925,188
Staff costs	8	19,879,076	18,051,191
Finance costs	10	1,547,518	565,463
Net foreign currency gain		(5,720,286)	(134,713)

7. Auditor's remuneration

The company was charged the following amounts by its auditor in respect of the audit of the financial statements and for other services provided to the company

	2022	2021
	£	£
Audit fees for statutory audit of financial statements and group requirements	71,400	60,000
	71,400	60,000

8. Staff costs and directors' emoluments

(a) Staff costs

	2022	2021
	£	£
Wages and salaries	15,687,573	14,365,485
Social security costs	2,190,489	1,800,894
Other pension costs	2,001,014	1,884,812
Total wages and salaries	19,879,076	18,051,191

The average monthly number of employees during the year was made up as follows:

	2022	2021
	No.	No.
Research and development	128	127
Administration	29	29
	157	156

(b) Directors' emoluments

	2022	2021
	£	£
Directors' emoluments	1,509,862	1,244,915

There are no members of defined contribution pension schemes.

The amounts in respect of the highest paid director are as follows:

	2022	2021
	£	£
Emoluments	1,459,862	1,194,915

As part of the director emoluments a cash settled share based accrual of £148,185 (2021: £118,046) is included.

9. Finance income

	2022	2021
	£	£
Bank interest received	66,643	2,756
Fair value gain on investment	-	744,944
Foreign exchange gain	5,720,286	-
	5,786,929	747,700

10. Finance costs

	2022	2021
	£	£
Fair value loss on investment	692,546	-
Lease interest expense	854,972	565,463
	1,547,518	565,463

11. Taxation

(a) Tax on continued operations

	2022	2021
	£	£
Current tax:		
Over provision for earlier year (2021/2020)	(449,109)	(19,098)
Current year charge on other income	8,070,677	3,476,921
	7,621,568	3,457,823
Deferred tax:		
Current year debit on other temporary differences	(45,115)	1,571,571
Effect of rate change from 19% to 25%	-	801,433
Over/(under) provision deferred tax prior year	-	2,653
	(45,115)	2,375,657
Total tax charge	7,576,453	5,833,480

(b) Reconciliation of the total tax charge

The tax charge in the income statement for the year is lower than the standard rate of corporation tax in the UK of 19% (2021: 19%). The differences are reconciled below:

	2022	2021
	£	£
Profit before taxation	73,302,810	45,701,138
Tax calculated at UK standard rate of Corporation tax of 19% (2021: 19%)	13,927,534	8,683,216
Effect of:		
Permanent differences	(5,655,376)	(3,588,996)
Permanent differences – effect of super deduction	(235,769)	(74,338)
Over provision deferred tax prior year	-	2,653
Impact of rate change on opening deferred tax balances	-	801,433
Impact of rate change on current year deferred tax	(10,827)	377,177
(Over) provision in earlier years current tax	(449,109)	(19,098)
Tax effect of adjusted income on tax calculation	-	(348,567)
Tax charge for the year in the income statement	7,576,453	5,833,480

In 2021, there was an additional income accrual of £1,834,562 accounted for in the profit before taxation figure that did not form part of the tax calculation due to the late timing of receiving the information. An adjustment in respect of the tax impact can be seen in the comparative figures above for 2021.

Significant part of the permanent difference for both years is related to patent box claims £5,716,056 (2021: £3,447,497).

The deferred tax liability of £5,290,242 has been calculated using the corporation tax rate of 25% (2021: £5,252,356), this being the enacted rate as at the balance sheet date.

On 22 September 2022 it was announced by the Chancellor of the Exchequer that the UK corporation tax rate would not increase to 25% on April 2023, but would remain at 19%. On 14 October 2022 the announcement was reversed and a statement made by the Prime Minister that the previously planned increase to the corporation rate to 25% would remain.

(c) Deferred tax

The deferred tax provided or un-provided at 25% (2021: 25%) is as follows:

	Provided 2022	2021
	£	£
Deferred tax liability:		
Accelerated capital allowances	5,290,242	5,252,356
Deferred tax liability	5,290,242	5,252,356
Deferred tax asset:		
Other temporary differences	(424,483)	(341,482)
Deferred tax asset	(424,483)	(341,482)
Total deferred tax	4,865,759	4,910,874

Deferred tax movement

	Accelerated capital allowances	Tax losses carried forward	Other temporary differences	Total
	£	£	£	£
Deferred tax (asset)/liability:				
At 1 January 2022	5,252,356	0	(341,482)	4,910,874
Current year charge/(credit)	37,886	0	(83,001)	(45,115)
At 31 December 2022	5,290,242	0	(424,483)	4,865,759

There are tax losses of approximately £nil (2021: £nil) available to carry forward against future trading profits.

12. Property, plant and equipment

	Motor vehicles	Leasehold improvements	Computer & office equipment	Plant & equipment	Total
Cost:	£	£	£	£	£
At 1 January 2021	16,799	12,100,391	2,901,381	24,355,014	39,373,585
Additions	10,750	-	174,235	1,482,076	1,667,061
Assets under construction	-	-	-	(151,732)	(151,732)
At 31 December 2021	27,549	12,100,391	3,075,616	25,685,358	40,888,914
Additions	-	1,135,670	404,536	3,145,023	4,685,229
Assets under construction	-	-	-	-	-
Disposals	(16,799)	(14,335)	(148,128)	(705,139)	(884,401)
At 31 December 2022	10,750	13,221,726	3,332,024	28,125,242	44,689,742
Depreciation:					
At 31 January 2021	16,799	3,649,939	1,500,750	10,732,547	15,900,035
Provided during the year	538	879,067	478,375	2,517,442	3,875,422
Disposals	-	-	-	(151,732)	(151,732)
At 31 December 2021	17,337	4,529,006	1,979,125	13,098,257	19,623,725
Provided during the year	2,150	885,919	486,889	2,563,869	3,938,827
Disposals	(16,799)	(14,335)	(148,128)	(705,139)	(884,401)
At 31 December 2021	17,337	4,529,006	1,979,125	13,098,257	19,623,725
Provided during the year	2,150	885,919	486,889	2,563,869	3,938,827
Disposals	(16,799)	(14,335)	(148,128)	(705,139)	(884,401)
At 31 December 2022	2,688	5,400,590	2,317,886	14,956,987	22,678,151
Net book value at 31 December 2022	8,062	7,821,136	1,014,138	13,168,255	22,011,591
Net book value at 31 December 2021	10,212	7,571,385	1,096,491	12,587,101	21,265,189
Net book value at 1 January 2021	-	8,450,452	1,400,631	13,622,467	23,473,550

As at 31 December 2022, amounts contracted for but not provided in the financial statements for the acquisition of property, plant and equipment amounted to £2,234,743 (2021: £1,340,475).

Assets under construction reversing out during 2021 are accounted for within additions, these assets relate to the extension on building 436.

13. Right of use assets

This note provides information for leases where the company is a lessee.

Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	ROUA Buildings	ROUA Vehicles	ROUA Total
	£	£	£
Cost:			
At 1 January 2021	24,017,363	6,225	24,023,588
Additions	-	-	-
At 31 December 2021	24,017,363	6,225	24,023,588
Additions	2,855,776	-	2,855,776
Disposals	-	(6,225)	(6,225)
At 31 December 2022	26,873,139	-	26,873,139
Depreciation:			
At 1 January 2021	3,868,512	4,596	3,873,108
Provided during the year	1,934,747	1,629	1,936,376
At 31 December 2021	5,803,259	6,225	5,809,484
Provided during the year	2,365,400	-	2,365,400
Disposals	-	(6,225)	(6,225)
At 31 December 2022	8,168,659	-	8,168,659
Net book value at 31 December 2022	18,704,480	-	18,704,480
Net book value at 31 December 2021	18,214,104	-	18,214,104
Net book value at 1 January 2021	20,148,851	1,629	20,150,480

Lease liabilities:

	Notes	2022	2021
		£	£
Current	18	(2,345,321)	(2,068,011)
Non-current	19	(17,316,950)	(16,765,860)
		(19,662,271)	(18,833,871)

The total amount of repayments made in the year amounted to £2,882,349 (2021: £2,208,926).

Lease payments are allocated between principal and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use liabilities are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs

Right-of-use liabilities are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

There are no short-term leases within the company:

There is a rental deposit with the landlord of £2,049,024 which will be repaid at the end of the lease.

14. Intangible assets

	Software
Cost:	£
At 1 January 2021	606,135
Additions	252,834
At 31 December 2021	858,969
Additions	121,076
Disposals	(59,961)
At 31 December 2022	920,084
Amortisation:	
At 1 January 2021	356,273
Provided for during the year	113,390
At 31 December 2021	469,663
Provided for during the year	164,277
Disposals	(59,961)
At 31 December 2022	573,979
Net book value at 31 December 2022	346,105
Net book value at 31 December 2021	389,306
Net book value at 1 January 2021	249,862

As at 31 December 2022, amounts contracted for but not provided in the financial statements for the acquisition of software amounted to £18,810, (2021: £nil).

15. Investments

Cost:	£
At 1 January 2021	4,089,320
Additions	1,165,295
Return on investment	(1,077,800)
Fair value adjustment	744,944
At 31 December 2021	4,921,759
Additions	1,712,948
Fair value adjustment	(692,546)
At 31 December 2022	5,942,161

The investment is with the Dementia Discovery Fund which is run by SV Life Sciences. The fund has a 15-year term to October 2031. The company is committed to invest a total of £12,206,634 into the fund, with a total £7,335,880 (2021: £5,622,932) having been drawn down at the end of the year. Any adjustments to fair value are recognised in the finance cost line within the income or expense.

16. Trade and other receivables

	2022	2021
	£	£
Trade receivables	1,079,210	607,614
Group receivables	4,773,713	4,613,252
Prepayments and other debtors	2,460,759	2,108,081
Accrued income	22,251,207	14,056,657
VAT recoverable	414,237	480,553
Deposit for fixed assets	145,974	1,132,177
	31,125,100	22,998,334

As at 31 December, the ageing analysis of the trade receivables is as follows:

		Carrying amount	Of which neither impaired nor past due on the reporting date	Of which: not impaired on the reporting date and past due in the following periods:		
				less than 30 days	between 30 and 60 days	between 61 and 90 days
		£	£	£	£	
Trade receivables	As at 31 Dec 2021	5,220,866	4,613,252	607,614	-	
Trade receivables	As at 31 Dec 2022	5,852,923	4,773,713	1,079,210	-	

As at 31 December 2022 there was £nil (2021: £nil) amount of trade receivables which were denominated in a foreign currency.

17. Cash and cash equivalents

	2022	2021
	£	£
Cash at bank and in hand	38,101,162	32,385,438

Cash at bank earns interest at floating rates based on daily bank deposit rates. There were no differences between the book value and the fair value of cash and cash equivalents at each balance sheet date.

18. Current liabilities

	Notes	2022	2021
		£	£
Trade payables		360,509	620,042
Other payables		234,275	278,378
Taxation and social security costs		472,215	433,241
Accruals		884,220	1,409,827
Accrued bonuses		3,177,358	3,931,268
Lease liabilities	13	2,345,321	2,068,011
Corporation tax		817,861	825,056
Current liabilities		8,291,759	9,565,823

Outstanding amounts in respect to the defined contribution pension scheme payable at the balance sheet date were £nil (2021: £nil).

As at 31 December 2022 there were £140,573 (2021: £132,658) of creditors which were denominated in foreign currency, being a mixture of US dollars, Euros and Australian dollars.

19. Non-current liabilities

Non-current liabilities	Notes	2022	2021
		£	£
Lease liabilities	13	17,316,950	16,765,860
Cash settled share-based payments	22	1,185,824	882,280
Provisions		670,000	-
Deferred tax		4,865,759	-
		24,038,533	17,648,140

The Company does not face a significant liquidity risk with regards to its lease liabilities.

20. Financial instruments

The company's principal financial instruments are restricted to cash and cash equivalents. The main purpose of these financial instruments is to fund the company's operations. The company has various other financial instruments such as trade receivables and trade payables that arise directly from its operations. The company does not enter into derivative transactions in its trading arrangements.

The main risks arising from the company's financial instruments are credit risk, liquidity risk and foreign currency risks. The Board reviews and agrees policies for managing each of these risks.

Credit risk
The company manages credit risk in relation to its cash and liquid resources by predominantly using a limited number of major UK financial institutions who meet the company's credit criteria.

The only other area of material credit risk is attributable to trade receivables. The company's customers are made up of substantial blue-chip organisations or their subsidiaries. The total allowance for bad debts that was charged to the income statement in the year was £nil (2021: £nil). All financial assets in note 16 are not impaired.

Liquidity risk

The company's objective is to maintain a positive cash balance at a level adequate for daily operations. The company finances its activities with a combination of revenues from collaborations and the MSA with Otsuka Pharmaceuticals Co., Ltd.

The following are the contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated contractual interest payments and exclude the effect of netting agreements.

	Carrying amounts	Contractual Cash flows	1 year or less	1 to < 2 years	2 to < 5 years	5 years and over
Trade payables	1,244,729	1,244,729	1,244,729			
Lease Liabilities	19,662,270	22,413,515	2,593,256	2,593,256	8,176,815	9,050,188
Total net exposure	20,906,999	23,658,244	3,837,985	2,593,256	8,176,815	9,050,188

	2022 £	2021 £
Financial liabilities:		
Trade payables	1,244,729	6.672,756
	1,244,729	6,672,756

Financial liabilities also includes lease liabilities above of £19,662,270 (2021: £18,833,871).
In the current year, management have made some changes in the liquidity risk presentation which included presentation of the liquidity risk maturity analysis table above in line with the requirements of IFRS 7. The prior year numbers have not been restated as this is not considered material.

Capital risk management
The company manages its capital to ensure it will be able to continue as a going concern. At present it has no debt or externally imposed capital requirements.

Foreign currency risk
The company makes sales and purchases in a number of overseas territories and therefore has transactional currency exposures. Such exposures arise from sales and purchases made in currencies other than the company's functional currency of sterling. The company tries to reduce this risk by maximising the number of contracts with sterling denomination.

The table below shows the company's currency exposures which comprise the monetary assets and monetary liabilities at the company that are not denominated in sterling, being the operating (or 'functional') currency of the company.

	2022	2021
	£	£
Financial assets:		
Cash	18,551,105	14,636,356
Trade receivables	21,173,102	13,390,504
	39,724,207	28.026,860
Financial liabilities:		
Trade payables	5,890	132,658

As at 31 December, these currency exposures were as follows:

	Net Foreign Currency Monetary Assets		
	US dollar	Euro	Total
	£	£	£
2022	38,983,344	734,973	39,718,317
2021	27,159,570	734,632	27,894,202

The following table demonstrates the sensitivity to a reasonable possible change in Sterling against Euro and US Dollar exchange rates with all other variables held constant, of the company's equity.

	Movement in exchange rate (%)	Increase/(Decrease) profit before tax (£)
2022		
Dollar strengthening	10%	4,331,483
Dollar weakening	(10)%	(3,543,940)
Euro strengthening	10%	81,664
Euro weakening	(10)%	(66,816)
2021		
Dollar strengthening	10%	2,813,890
Dollar weakening	(10)%	(2,302,273)
Euro strengthening	10%	81,626
Euro weakening	(10)%	(66,785)

Fair values of financial assets and financial liabilities

Short-term investments and short-term deposits are made on fixed rate terms and are receivable within one year of each balance sheet date. Cash is available on demand at each balance sheet date and is subject to floating interest rates.

The company has an investment in the Dementia Discovery Fund which is run by SV Life Sciences which is held as a fair value through profit and loss investment.

The book values of the company's financial assets and financial liabilities are set out below.

There is no material difference between the amortised cost and fair value of the company's financial instruments at each balance sheet date since the carrying amount is deemed to be a reasonable approximation of the fair value due to their short-term nature.

All financial assets and liabilities apart from the investment are considered to be level 1 in the fair value hierarchy, as all such items are measured at fair value from observable inputs. The investment is a level 3 with a mix of valuation techniques comprising of calibration to price of recent investment, market price, net present value or term sheets depending on which is appropriate.

In the fair value hierarchy. The valuation is received from the fund managers based on the last valuation event. Movements in the year can be seen in note 15.

	Notes	2022 £	2021 £
Financial assets:			
Investments - Fair value through profit or loss	15	5,942,161	4,921,759
Financial assets at amortised cost:			
Cash	17	38,101,162	32,385,438
Trade receivables	16	1,079,210	5,220,866
Accrued income	16	22,251,207	14,056,657
Deposits		-	3,181,200
		67,373,740	59,765,920
Financial liabilities at amortised cost:			
Trade payables	18	360,509	620,042
Accruals	18	884,220	1,409,827
Lease liabilities	13	19,662,270	18,833,871
		20,906,999	20,863,740

21. Share capital

	2022 No.	2021 No.
Ordinary shares of 0.1p each:		
- authorised, allotted, called up and fully paid	100,000	100,000

During the year there was a dividend payment of £50m (2021: £25m), which equates to a payment of £500 per share (2021: £250 per share)

22. Share based payments

The Company has adopted equity-linked compensation entitlements as a cash-settled share-based payment plan for certain employees. The Company grants the entitlements to employees who have the rank as of the time of the grant and makes the payment in cash, taking into account the level of achievement of group performance targets and the group share price during the five-year plan.

Share-based payment expenses

The breakdown of share-based payment expenses is as follows:

	2022	2021
	£	£
Cash settled	303,544	241,806

The carrying amount of liabilities arising from share-based payment transactions is £1,185,824 (2021: £882,280)

23. Employee benefits – post employment benefits

The company has a defined contribution plan covering substantially all its employees, which requires contributions to be made into a separately administered fund. Details of contributions made by the company in each accounting period are described in note 8. As at 31 December 2022 there was an outstanding contribution of £nil (2021: £nil).

24. Other commitments

The company's total commitments as at 31 December 2022 were £7,124,307 (2021: £7,302,712).

The company is committed to making further investments of up to £4,870,754 (2021: £6,583,702) in the Dementia Discovery Fund which has a 15-year term to October 2031.

The remaining other commitments of £2,253,553 (2021: £719,010) relate to fixed assets which will be finalised within 12 months.

25. Related party transactions

On 1 January 2014, the company signed an MSA with Otsuka Pharmaceuticals., Ltd who are the parent company of Otsuka America, Inc. who are in turn the parent company of Astex Therapeutics Limited. During the year the value of revenue was £53,645,876 (2021: £52,059,666) with a year-end open receivable of £4,773,713 (2021: £4,613,252). There are no associated terms and the balances are unsecured.

Astex Therapeutics Limited have collaboration agreements to work on targets with Taiho Pharmaceutical Co., Ltd. who both have Otsuka Holdings Co., Ltd. as their ultimate holding company. Both companies are responsible for their own costs on the projects with future revenue share based on the costs and expenses arising from the research, development and commercialisation costs.

During the year, the company contracted with Blundell Bioscience Rushmoor Ltd for scientific consulting services, the company is owned by Professor Sir Tom Blundell a director of Astex Therapeutics Limited. The amount transacted during 2022 was £47,000 (2021: £47,000).

During the year, the company contracted with Isohelio Limited for specialised technical consulting services. Michelle Jones who is SVP Strategy and Operations is a director for Isohelio Limited. The amount transacted during 2022 was £21,209 (2021: £13,875). At the year-end there was £nil (2021: £nil) outstanding within the trade creditors.

During the year, the company contracted with Boldfield Services Ltd who provide general IT support. Neil Jones is the SVP of Finance and Operations of Astex Therapeutics Limited and his spouse Hilary Jones works for Boldfield Services Limited as Finance Director. The amount transacted during 2022 was £50,880 (2021: £29,718) At the year-end there was £nil (2021: £nil) outstanding within the trade creditors.

26. Ultimate parent company

Otsuka America, Inc., with registered office of 1 Embarcadero Center #2020, San Francisco, CA 94111, United States, is the 100% owner of the share capital in Astex Therapeutics Limited. Otsuka Holdings Co., Limited, a company incorporated in Japan, is regarded as the ultimate parent and controlling party and both the smallest and largest group within which the results of the company are included, and for which consolidated financial statements are prepared. Copies of these financial statements may be obtained from its registered address, 2-9 Kanda Tsukasa-Choi, Chiyoda-Ku, Tokyo 101-8535, Japan.