

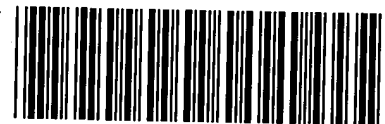
CH

# Financial Statements Discerna Limited

---

**For the Year Ended 31 March 2016**

THURSDAY



\*A5HHKD6B\*

A24

13/10/2016

#71

COMPANIES HOUSE

**Registered number: 04144764**

**Discerna Limited**  
**Registered number:04144764**

## Company Information

<b>Director</b>	S Jones
<b>Registered number</b>	04144764
<b>Registered office</b>	Babraham Hall Babraham Cambridge CB22 3AT
<b>Independent auditor</b>	Grant Thornton UK LLP Kingfisher House 1 Gilders Way St James Place Norwich Norfolk NR3 1UB
<b>Bankers</b>	Lloyds TSB Bank Plc Third Floor Black Horse House Castle Park Cambridge CB3 0AR

## Contents

	Page
<b>Director's report</b>	<b>1 - 2</b>
<b>Independent auditor's report</b>	<b>3 - 4</b>
<b>Statement of income and retained earnings</b>	<b>5</b>
<b>Balance sheet</b>	<b>6</b>
<b>Notes to the financial statements</b>	<b>7 - 12</b>

# Director's Report

## For the Year Ended 31 March 2016

The director presents his report and the financial statements for the year ended 31 March 2016.

### **Principal activity**

The principal activity of the company is the commercialisation of ribosome display technology.

### **Results and dividends**

The profit for the year, after taxation, amounted to £11k (2015 - £4k).

The director has not recommended the payment of a dividend (2015 - None).

### **Going concern**

The director is reviewing the future of the company with the intention to transfer its activities to its parent company, Babraham Institute Enterprise Limited. The ultimate parent entity, The Babraham Institute, has agreed to support the company until its future is decided. For this reason the director continues to adopt the going concern basis in preparing the financial statements.

### **Director**

The director who served during the year was:

S Jones

### **Director's responsibilities statement**

The director is responsible for preparing the Director's report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare 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'. Under Company law the director must not approve the financial statements unless he is satisfied that he gives 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 director is required to:

- select suitable accounting policies for the Company financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

# Director's Report

For the Year Ended 31 March 2016

## Disclosure of information to auditors

The director at the time when this Director's report is approved has confirmed that:

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

## Auditors

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

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

This report was approved by the board and signed on its behalf.



.....  
**S Jones**  
Director

Date: 29 September 2016

## Independent Auditors' Report to the Members of Discerna Limited

We have audited the financial statements of Discerna Limited for the year ended 31 March 2016, which comprise the Statement of income and retained earnings, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland.

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of director and auditors**

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

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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Director's report for the financial year for which the financial statements are prepared is consistent with the financial statements.



## Independent Auditors' Report to the Members of Discerna Limited

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Director's report.

A handwritten signature in black ink, appearing to read "Anders Rasmussen".

Anders Rasmussen (Senior statutory auditor)  
for and on behalf of  
Grant Thornton UK LLP  
Norwich

10 October 2016

## Statement of Income and Retained Earnings

For the Year Ended 31 March 2016

	Note	2016 £000	2015 £000
Turnover	4	10	11
<b>Gross profit</b>		10	11
Administrative expenses		1	(7)
<b>Operating profit</b>	5	11	4
<b>Profit before tax</b>		11	4
Tax on profit	6	-	-
<b>Profit after tax</b>		11	4
Retained earnings at the beginning of the year		(756)	(760)
Profit for the year		11	4
<b>Retained earnings at the end of the year</b>		(745)	(756)

There were no recognised gains and losses for 2016 or 2015 other than those included in the Statement of Income and Retained Earnings.

The notes on pages 7 to 12 form part of these financial statements.



## Balance Sheet

As at 31 March 2016

	Note	2016 £000	2015 £000
<b>Current assets</b>			
Debtors: amounts falling due within one year	7	26	14
Cash at bank and in hand	8	56	70
		<u>82</u>	<u>84</u>
Creditors: amounts falling due within one year	9	(7)	(20)
<b>Net current assets</b>		<u>75</u>	<u>64</u>
<b>Net assets</b>		<u><u>75</u></u>	<u><u>64</u></u>
<b>Capital and reserves</b>			
Called up share capital	10	9	9
Share premium account	11	811	811
Profit and loss account	11	(745)	(756)
		<u>75</u>	<u>64</u>
		<u><u>75</u></u>	<u><u>64</u></u>

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



.....  
**S Jones**  
 Director

Date: 29 September 2016

The notes on pages 7 to 12 form part of these financial statements.

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## **1. General information**

Discerna Limited is a limited liability company incorporated in England and Wales. The registered office of the company is Babraham Hall, Cambridge, Cambridgeshire, CB22 3AT.

## **2. Accounting policies**

### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 14.

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

The following principal accounting policies have been applied:

### **2.2 Financial reporting standard 102 - reduced disclosure exemptions**

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of The Babraham Institute as at 31 March 2016 and these financial statements may be obtained from Babraham Hall, Babraham, Cambridge, Cambridgeshire, CB22 3AT.

### **2.3 Going concern**

The director is reviewing the future of the company with the intention to transfer its activities to its parent company, Babraham Institute Enterprise Limited. Babraham Institute Enterprise Limited has agreed to support the company until its future is decided. For this reason the director continues to adopt the going concern basis in preparing the financial statements.

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## **2. Accounting policies (continued)**

### **2.4 Revenue**

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

#### **Rendering of services**

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

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

### **2.5 Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable.

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

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

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

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

### **2.6 Debtors**

Short term debtors are measured at transaction price, less any impairment.

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## 2. Accounting policies (continued)

### 2.7 Cash and cash equivalents

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

### 2.8 Creditors

Short term creditors are measured at the transaction price.

### 2.9 Taxation

Tax is recognised in the Statement of Income and Retained Earnings, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include bad debt provisions. There are no bad debt provisions in the current or prior year.

## 4. Analysis of turnover

The whole of the turnover is attributable to the commercialisation of ribosome display technology.

All turnover arose within the United Kingdom.

## 5. Operating profit

The operating profit is stated after charging:

	2016 £000	2015 £000
Fees payable to the Company's auditor for the audit of the financial statements	3	3

During the year, no director received any emoluments (2015 - £NIL).

## Notes to the Financial Statements

For the Year Ended 31 March 2016

**6. Taxation**

	2016 £000	2015 £000
Current tax on profits for the year	-	-
<b>Taxation on profit on ordinary activities</b>	<b>-</b>	<b>-</b>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	11	4
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20%)	2	1
<b>Effects of:</b>		
Utilisation of tax losses	(2)	(1)
<b>Total tax charge for the year</b>	<b>-</b>	<b>-</b>

**Factors that may affect future tax charges**

Legislation to reduce the main rate of corporation tax 20% to 18% by 1 April 2020 was included in the Finance Act 2015 and has since become substantively enacted.

The company has estimated losses of £828,346 (2015: £839,244) available for carry forward against future trading profits. Given the uncertainty of the recoverability of the company's tax losses carried forward, no deferred tax asset in respect of the available losses has been recognised.

**7. Debtors**

	2016 £000	2015 £000
Trade debtors	24	12
Amounts owed by group undertakings	2	2
	<b>26</b>	<b>14</b>

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## 8. Cash and cash equivalents

	2016 £000	2015 £000
Cash at bank and in hand	56	70

## 9. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Amounts owed to group undertakings	-	11
Taxation and social security	2	2
Other creditors	5	7
	7	20

## 10. Share capital

	2016 £	2015 £
<b>Authorised, allotted, called up and fully paid</b>		
45,000 A preferred ordinary shares of £0.10 each	4,500	4,500
45,000 B ordinary shares of £0.10 each	4,500	4,500
	9,000	9,000

Each of the A preferred ordinary shares and the B ordinary shares disclosed above constitute different classes of shares, but these rank equally.

On a return of capital, liquidation of capital reduction the remaining assets of the company after payment of its liabilities shall be applied as follows:

- first in paying to the holders of the A preferred ordinary shares a sum equal to the amount paid up on each share, including any share premium;
- second in paying to the holders of the B ordinary shares a sum equal to the amount paid up on each share, including any share premium;
- the balance shall be distributed amongst all shareholders in proportion to the number of shares held by them.

# Notes to the Financial Statements

For the Year Ended 31 March 2016

## 11. Reserves

### Share premium

The share premium account represents the excess capital over the value of the called up share capital.

### Profit and loss account

The profit and loss account includes all current and prior period retained profits and losses.

## 12. Related party transactions

During the year ended 31 March 2016 there were no transactions with The Babraham Institute, Babraham Institute Enterprise, Aitua Limited or Babraham Bioscience Technologies Limited. Each of these companies are related parties by virtue of being part of the Babraham Group, of which The Babraham Institute is the parent undertaking.

As at 31 March 2016, £Nil was owed to The Babraham Institute (2015: £3k), £Nil was owed to Babraham Institute Enterprise Limited (2015: £8k) and £Nil was owed to Aitua Limited (2015: £Nil).

The company was owed £2k by Babraham Institute Enterprise Limited (2015: £2k).

## 13. Controlling party

The Babraham Institute is the ultimate controlling party, a company incorporated in England and Wales. Copies of The Babraham Institute's financial statements can be obtained from the Registrar of Companies, Companies House, Cardiff, CF14 3UZ.

## 14. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.