

Excalibur Group Holdings Limited

Consolidated Financial Statements for the year ended 31 March 2013

Registered number: 04600706



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Excalibur Group Holdings Limited

Registered No	04600706
Directors	Prof Sir C Evans OBE (Chairman) J Curnock-Cook M Walton S Zahoor
Secretary	Excalibur Fund Managers Limited
Auditors	Calder & Co Chartered Accountants & Statutory Auditors 16 Charles II Street London SW1Y 4NW
Registered Office	Berkeley Square House Berkeley Square Mayfair London W1J 6BD

Excalibur Group Holdings Limited

Directors' report

The directors present their report on the affairs of the group, together with the audited consolidated financial statements, for the year ended 31 March 2013

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company and the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy, at any time, the financial position of the company and group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Disclosure of information to auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware. Each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Excalibur Group Holdings Limited

Directors' report (continued)

Principal activities

The company's principal activities are those of a holding company and provision of ancillary services as part of the Excalibur Group. During the year under review, its principal trading subsidiary was Excalibur Fund Managers Limited, which provided investment advice to a Jersey based Limited Partnership and two English Limited Partnerships. This subsidiary is authorised and regulated by the Financial Conduct Authority.

The Group also holds direct investments in funds with a view to capital gain.

Review of business and future developments

It is the group's strategy to raise new funds to invest in building businesses in the medical science industry.

The holders of the financing facilities, Hookstone Limited, which is a company controlled by the trustees of a discretionary trust of which Professor Sir C. Evans is a discretionary beneficiary, have confirmed to the company and group that there are no covenants attached to this new facility, and that they have advanced funds to the company and group which will allow liabilities of the company and group to be paid as and when they fall due. In addition to this support Professor C. Evans has also pledged to support the company financially over the next 12 months should the need arise.

The directors therefore continue to adopt the going concern basis of accounting in preparing the company's annual financial statements.

In the period since the year-end there have been further impairments to the investments held by the group in the Merlin Biosciences Fund III amounting to £195,853.

The company is currently in the process of looking into transferring the majority shareholding to Excalibur Medical Ventures Limited, a company resident in Malta.

Principal risks and uncertainties

The group's operations expose it to a variety of risks that include funding risk, liquidity risk, legal and regulatory risk and operational risks.

Funding, liquidity and exchange rate risk

Funding risk comprises exchange rate risk and interest rate risk. Liquidity risk comprises the risk that the financial market is unwilling to make available any facilities which may be needed in order to cover short term financing requirements of the group. The group does not use derivative financial instruments to manage interest rate costs and accordingly, no hedge accounting is applied. Exchange risk arises due to currency differences between the income and expense base. The group keeps its exchange rate management policy under review and the level of this risk has been considered to fall within acceptable parameters to date. To date the group has been able to manage its liquidity risk. The current business plan will allow the group to continue to trade for the foreseeable future without the need for recourse to further banking facilities.

Excalibur Group Holdings Limited

Directors' report (continued)

Legal and regulatory risk

The group operates in both the UK and Jersey. The regulatory environment is becoming more complex and demanding and in response to this the group has strengthened its arrangements for regulatory compliance through the appointment of a compliance officer who with the assistance of recognised professional advisers carries out regular internal reviews, both of the compliance function and the wider business, with recommendations being approved and implemented by the board. Group companies also continue to ensure open and cooperative relationships with the appropriate regulator.

Operational risk

This includes personnel risk, IT risk and the possibility of business disruption. These risks are mitigated by the recruitment and retention of suitably qualified staff with remuneration set at an appropriate level, use of appropriate keyman insurance and a regular review of the group's business continuity provisions to ensure that they comply with best practice.

Results and dividends

The group's loss for the year, after taxation, amounted to a loss of (£9,011,760) (2012 loss £1,581,646). The directors do not recommend the payment of a dividend (2012 £nil). The loss for the year has been transferred to reserves.

Directors

The directors who served during the year were

Professor Sir C. Evans OBE	(Chairman)
J. Curnock-Cook	
J. Wakefield	(resigned 29 June 2012)
M. Walton	
S. Zahoor	

Excalibur Group Holdings Limited

Directors' report (continued)

Directors' interests

At 31 March 2013 directors who were in office at the year end held the following interests in ordinary shares in the company

4,376,066 shares (2012 4,376,066 shares) are held by the trustees of a discretionary trust of which Prof Sir C Evans is a discretionary beneficiary A further 2,662,502 shares (2012 2,662,502 shares) are held indirectly by the trustees of the same discretionary trust through a wholly owned limited company .

There have been no changes to directors' beneficial interests subsequent to the year end

Directors' insurance

The company maintained insurance cover for the directors during the year, indemnifying them against certain liabilities that may be incurred by them whilst acting as officers of the group

Auditors

The auditors, Calder & Co, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

By order of the board 28 October 2013



Shafia Zahoor

Independent auditors' report to the members of Excalibur Group Holdings Limited

We have audited the group and parent company financial statements (the "financial statements") of Excalibur Group Holdings Limited for the year ended 31 March 2013 which comprise the Group Profit and Loss Account, the Group and Parent Company Balance Sheets, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Reconciliation of Movements in Shareholders' Fund, the Accounting Policies 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).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2 the directors are 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come, save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2013 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

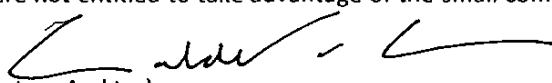
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



Tony Badiani (Senior Statutory Auditor)

For and on behalf of Calder & Co

Chartered Accountants and Statutory Auditors

16 Charles II Street, London

28 October 2013

Excalibur Group Holdings Limited

Group profit and loss account for the year ended 31 March 2013

	Notes	2013 £	2012 £
Turnover	1	2,138,154	3,088,180
Administrative expenses		(9,411,884)	(3,099,475)
Operating (loss)		<u>(7,273,730)</u>	<u>(11,295)</u>
Interest payable & similar charges	2	(1,414,056)	(1,570,351)
(Loss) on ordinary activities before taxation	3	<u>(8,687,786)</u>	<u>(1,581,646)</u>
Tax on (loss) on ordinary activities	6	<u>323,974</u>	<u>-</u>
(Loss) for the financial year		<u>(9,011,760)</u>	<u>(1,581,646)</u>

A statement of movements in shareholders' funds is given in note 14. The above statement reflects continuing operations of the group's fund management business. There is no difference between the loss on ordinary activities before taxation and the profit for the financial year stated above and their historical equivalents.

The notes on pages 11 to 22 form an integral part of these financial statements.

Excalibur Group Holdings Limited

Group statement of total recognised gains and losses for the year ended 31 March 2013

	2013 £	2012 £
(Loss) for the financial year	(9,011,760)	(1,581,646)
Currency translation differences on foreign currency net investments	(1,302)	(3,087)
Total recognised (loss) for the year	(9,013,062)	(1,584,733)

The currency translation difference in the year wholly arose within continuing operations

The notes on pages 11 to 22 form an integral part of these financial statements

Excalibur Group Holdings Limited
Registered number: 04600706

Group balance sheet
at 31 March 2013

	Notes	2013 £	2012 £
Fixed assets			
Intangible assets	7	-	-
Tangible assets	8	7,734	10,590
Investments	9	535,023	7,424,029
		<u>542,757</u>	<u>7,434,619</u>
Current assets			
Debtors	10	1,464,460	1,226,088
Cash at bank and in hand		40,848	57,393
		<u>1,505,308</u>	<u>1,283,481</u>
Creditors Amounts falling due within one year	11	(22,387,097)	(20,044,070)
Net current liabilities		<u>(20,881,789)</u>	<u>(18,760,589)</u>
Total assets less current liabilities		<u>(20,339,032)</u>	<u>(11,325,970)</u>
Creditors Amounts falling due after more than one year		-	-
Net (liabilities)		<u>(20,339,032)</u>	<u>(11,325,970)</u>
Capital and reserves			
Called-up share capital	12	1,200	1,200
Share premium account	13	5,179,260	5,179,260
Foreign exchange translation reserve	13	5,505	6,807
Profit and loss account	13	(25,524,997)	(16,513,237)
Total shareholders' funds	14	<u>(20,339,032)</u>	<u>(11,325,970)</u>

The notes on pages 11 to 22 form an integral part of these financial statements

These financial statements were approved by the board of directors on 28 October 2013 and were signed on its behalf by



Shafia Zahoor
Director

Excalibur Group Holdings Limited**Registered number: 04600706****Company balance sheet
at 31 March 2013**

	Notes	2013 £	2012 £
Fixed assets			
Investments	9	<u>6,036,584</u>	<u>12,206,226</u>
Current Assets			
Debtors	10	<u>548,464</u>	<u>781,432</u>
Creditors: Amounts falling due within one year	11	<u>(24,885,375)</u>	<u>(23,363,812)</u>
Net current liabilities		<u>(24,336,911)</u>	<u>(22,582,380)</u>
Total assets less current liabilities		<u>(18,300,327)</u>	<u>(10,376,154)</u>
Creditors: Amounts falling due after more than one year		-	-
Net (liabilities)		<u>(18,300,327)</u>	<u>(10,376,154)</u>
Capital and reserves			
Called-up share capital	12	1,200	1,200
Share premium account	13	5,179,260	5,179,260
Profit and loss account	13	<u>(23,480,787)</u>	<u>(15,556,614)</u>
Total shareholders' funds	14	<u>(18,300,327)</u>	<u>(10,376,154)</u>

The notes on pages 11 to 22 form an integral part of these financial statements

These financial statements were approved by the board of directors on 28 October 2013 and were signed on its behalf by



Shafia Zahoor
Director

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

1. Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the significant accounting policies is listed below.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

The holders of the financing facilities is a company controlled by the trustees of a discretionary trust of which Prof Sir C Evans is a discretionary object. Prof Sir C Evans, a director of the company, has provided personal support to the Group over the next twelve months through a separate letter of support.

On the basis of the above, the directors believe that it is appropriate for the company and the group to continue to trade as a going concern and have accordingly prepared these financial statements on this basis.

The directors have taken advantage of the exemption available under s408 of the Companies Act 2006 and have not presented a profit and loss account for the company alone. The company's loss after taxation for the year, determined in accordance with the Act, and included in the consolidated profit and loss account was (£7,924,173) (2012 loss: £640,023).

Basis of consolidation

Certain companies owned by the group which act as general partners to Limited Partnership entities may cause the Limited Partnership entities to fall within the definition of subsidiary undertakings as defined in FRS2 and in the Companies Act 2006. The Standard and the Act require the company to consolidate its subsidiary undertakings. However, where there are severe long-term restrictions over the ability of the company to control such general partner companies and therefore the Limited Partnership entities, they have been excluded from the consolidation.

The directors consider that the shareholders' agreements in place for the general partner companies amount to a restriction of control for those companies. In addition, the substance of the relationship that the general partner company has with the Limited Partnership entity is such that there is no significant economic benefit or risk to the general partner company other than a priority profit share. As a result, the directors consider that a true and fair view is given if Merlin General Partner II Limited is included at cost of investment within the accounts and Merlin General Partner III Limited is fully consolidated.

Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under FRS 1.

Subsidiary companies

Goodwill arising on the consolidation of subsidiaries acquired is treated as an intangible asset and amortised over an appropriate period. Such goodwill will be charged to the profit and loss account on any subsequent disposal of the business to which it relates.

In the company's financial statements, investments in subsidiary companies are stated at cost, including a proportion of the acquisition costs. Where a subsidiary company receives distributions from participation in a Fund as a Limited Partner, these are recognised as a reduction in net investment, until such time as the investment is fully recovered.

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

1 Accounting policies (continued)

Tangible fixed assets

Fixed assets are shown at cost. Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and fittings	- 33 33% per annum
Computers	- 33 33% per annum

Taxation

Corporation tax payable is provided on taxable profits at the current tax rate. The taxation liabilities of certain group undertakings are reduced wholly or in part by the surrender of losses by fellow group undertakings where appropriate. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or the right to pay less tax in the future have occurred at the balance sheet date. An asset is not recognised to the extent that the transfer of economic benefit is uncertain. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Turnover

Turnover comprises the value of investment advisory and other professional services (excluding VAT) in the normal course of business. All fee income is recognised on the accruals basis.

Pension costs

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Leases

Rentals under operating leases are charged on a straight-line basis over the lease term. Further information on charges during the year and future commitments is given in note 15.

Foreign currency

The results of overseas subsidiaries are included using the closing rate method. The profit and loss account of these companies is translated at the average rate for the period, and the net assets at the closing rate. Any exchange difference arising is taken to reserves.

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. The resulting exchange differences are taken to the profit and loss account.

Where foreign currency investments have been financed directly by foreign currency borrowings, the carrying value of such foreign currency investments are translated at the closing rate, with the resulting exchange gains or losses being taken directly to reserves and offset against the exchange gains or losses arising on the borrowings.

Exchange gains or losses arising on the borrowings are offset only to the extent of exchange differences arising on the investment and do not exceed the total amount of cash expected to be generated as a result of the investments. Any foreign exchange gains or losses not so offset are recognised directly in the profit and loss account.

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

Accounting policies (continued)

Fixed asset investments

Fixed asset investments are held at cost less provision for impairment. Where the group receives distributions from participation in a Fund as a Limited Partner, these are recognised as a reduction in net investment, until such time as the investment is fully recovered.

Related parties

The company is exempt under the terms of FRS 8 from disclosing certain related party transactions with entities that are part of the Excalibur Group. For details of other related party transactions see note 17.

2 Interest payable and similar charges

	2013	2012
	£	£
On bank loans and overdrafts (including prior year overprovision)	6	(151,785)
On other loans with related party	1,411,383	1,719,466
Bank charges	2,667	2,110
Other interest payable	-	560
	<u>1,414,056</u>	<u>1,570,351</u>

3 (Loss) / profit on ordinary activities before taxation

The (loss) / profit on ordinary activities before taxation is stated after charging

	2013	2012
	£	£
Auditors' remuneration		
- Statutory audit of the Company and consolidated accounts	18,000	17,000
- Statutory audit of the subsidiary accounts	20,000	18,000
- Taxation advisory fees	14,750	9,750
Hire of plant and machinery	5,400	5,400
Rental of premises	214,372	130,641
Amortisation of goodwill	-	512,303
Write down and impairment of fixed asset investments	6,959,762	551,777
Depreciation of tangible fixed assets	<u>6,253</u>	<u>13,682</u>

The operating loss includes a net foreign exchange gain of £173,405 (2012 loss £464,523) on an intercompany loan denominated in Euros, and the foreign currency denominated asset to which the loan relates.

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

4. Employee information

Particulars of employees and their remuneration (including executive directors) are shown below

	2013 £	2012 £
Wages and salaries	688,549	382,464
Social security costs	89,353	46,114
Pension costs	5,969	5,969
	<u>783,871</u>	<u>434,547</u>

The group operates a group personal pension scheme for a number of its employees which is a defined contribution scheme. The charge for the year amounted to £5,969 (2012: £5,969). As at 31 March 2013, £524 was overpaid (2012: nil overpaid) and this amount has been recovered subsequently.

The average monthly number of persons employed by the group in investment and administrative roles (including executive directors) during the year was 7 (2012: 5).

5 Directors' remuneration

Directors' remuneration payable by the group during the year was as follows

	2013 £	2012 £
Aggregate emoluments	<u>482,500</u>	<u>393,085</u>

During the year the directors did not exercise any share options or become entitled to receive shares under any long-term incentive schemes. No retirement benefits were accrued for in the year. £Nil (2012: £Nil).

The directors' remuneration shown above included

	2013 £	2012 £
Highest paid director	<u>272,183</u>	<u>109,050</u>

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

6. Tax on profit on ordinary activities

Analysis of charge for the year

	2013 £	2012 £
United Kingdom Corporation tax at 24% (2012 26%)	-	-
Prior year adjustment	-	-
Current tax (credit) / charge for the year	-	-
Deferred tax (credit) / charge	323,974	-
Total tax (credit) / charge for the year	323,974	-

Factors affecting tax charge for the year

	2013 £	2012 £
(Loss) / profit on ordinary activities before tax	(8,687,788)	(1,581,646)
Theoretical tax at UK Corporation tax rate of 24% (2012 26%)	(2,085,069)	(411,228)
Effects of		
Net expenses not deductible for taxation purposes (including goodwill)	1,685,380	273,826
Effect of capital allowances and other timing differences	1,501	3,557
Utilisation of losses	(5,979)	(1,609)
Share of partnership income	(51,600)	(56,036)
Losses Carried Forward (net of current year utilisation)	455,767	191,490
Current tax charge/(credit) for the year	-	-

7 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 April 2012	9,742,668
Additions	-
At 31 March 2013	9,742,668
Amortisation	
At 1 April 2012	9,742,668
Charge for the period	-
At 31 March 2013	9,742,668
Net book value	
At 31 March 2013	-
At 1 April 2012	-

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

7. Intangible fixed assets (continued)

The goodwill arising on the acquisition of Excalibur Fund Managers Limited has been amortised on a straight-line basis over 9 years, being the expected useful life of the asset by reference to conditions at the date of acquisition

8 Tangible fixed assets

Group	Office equipment and computers £	Total £
Cost		
At 1 April 2012	111,664	111,664
Additions	3,797	3,797
Disposals	(400)	(400)
At 31 March 2013	115,061	115,061
Depreciation		
At 1 April 2012	101,074	101,074
Charge for the period	6,253	6,253
Disposals	-	-
At 31 March 2013	107,327	107,327
Net book value		
At 31 March 2013	7,734	7,734
At 31 March 2012	10,590	10,590

The company does not own any tangible fixed assets

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

9 Fixed asset investments

Group

Fixed asset investments consist of unlisted investments and subsidiary undertakings not consolidated

	Other Investments £	Subsidiary undertakings not consolidated £	Total £
At 1 April 2012	7,387,973	36,056	7,424,029
Provisions for impairment	(6,731,754)	-	(6,731,754)
Exchange rate movements	(157,252)	-	(157,252)
At 31 March 2013	498,967	36,056	535,023

Other investments

The group holds a Euro denominated investment in the Merlin Biosciences Fund III Limited Partnership and the Merlin Biosciences Fund III 2007 Limited Partnership ("the Funds"), both of which are registered in England and Wales. The Funds invest in early, mid and late stage unquoted bioscience and bioscience related companies predominantly in Europe.

At the year end the Group had committed a total investment of €24,293,795 (2012: €24,293,795), representing 17.5% (2012: 17.5%) of the Funds. The commitment consists of a €2,429 (2012: €2,429) capital contribution with the balance as a loan and is payable from time to time as determined by the Manager of the Funds over the life of the Funds which is a maximum of ten years from 31 July 2002. As at 31 March 2013, €24,293,975 (2012: €24,293,975) of the commitment had been paid.

The carrying value of the investment at the period end has been reduced by £6,889,006 to reflect the Group's share of the fund as per the latest audited fund accounts. The directors believe that the value does not reflect what will be the ultimate realisation from the investment in due course.

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

9. Fixed Asset investments (continued)

The Group has investments in the following subsidiary undertakings which are wholly owned

Subsidiary undertakings not consolidated

Name	Principal Activity	Description of Interest held	Note
Merlin General Partner II Limited	General partner to The Merlin Biosciences Fund II	Ordinary £1	I, III
Merlin Bioscience Limited	Dormant	Ordinary 0 1p	II, IV
Merlin Biomed Limited	Dormant	Ordinary 0 1p	II, IV
Merlin Limited	Dormant	Ordinary £1	II, IV
Merlin Asset Management Limited	Dormant	Ordinary £1	II, IV
Merlin Biosciences Limited	Dormant	Ordinary £1	II, IV
Excalibur Jersey Limited	Dormant	Ordinary £1	I

Subsidiary undertakings consolidated

Merlin General Partner III Limited	General partner to The Merlin Biosciences Fund III	Ordinary £1	II, III
Excalibur Fund Managers Limited	Provision of investment services	Ordinary £1	II, IV

- i) Registered in Jersey
- ii) Registered in England and Wales
- iii) Year end of 31 December (to coincide with the year end of the relevant Fund)
- iv) Year end of 31 March

The Group holds all the voting rights in Merlin General Partner II Limited but is restricted in its ability to exercise those rights under a letter of undertaking given by the Group. The Group holds all the voting rights in Merlin General Partner III Limited, the general partner of the Merlin Biosciences Fund III LP and Merlin Biosciences Fund III 2007 LP (the "Fund") but is restricted in fully exercising these rights by the Limited Partnership Agreement entered into with the Fund.

Merlin General Partner II Limited acts as General Partner of the Merlin Biosciences Fund LP and as Managing Partner of the Merlin Biosciences Fund GbR (together the "Fund"). The Fund terminated on 28 February 2012 and Excalibur Fund Managers Limited became a liquidating trustee to allow the Fund to terminate without requiring an immediate liquidation of its portfolio and distribution of the proceeds. Management fees amounting to £nil (2012 £183,572) were receivable during the period from Merlin General Partner II Limited, and the year end outstanding balance is £143,612 due to Merlin General Partner II Limited. Merlin General Partner III Limited receives a management profit share from the Merlin Biosciences Fund III LP and the Merlin Biosciences Fund III 2007 LP (together "Fund III"). Excalibur Fund Managers Limited receives fees for investment management services directly from the Merlin Biosciences Fund III LP and the Merlin Biosciences Fund III 2007 LP. Management fees amounting to £727,858 (2012 £1,447,585) and interest recharged amounting to £42,853 (2012 £1,022,013) were receivable during the period from Merlin General Partner III Limited, and the year end outstanding balance is £832,245 due from Merlin General Partner III Limited.

Company

Fixed asset investments held by the company consist of the following

	£
At 1 April 2012	12,206,226
Provisions for impairment	(6,028,595)
Exchange gains on euro denominated asset	(141,047)
At 31 March 2013	<u>6,036,584</u>

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

9. Fixed Asset investments (continued)

The company holds an investment in Excalibur Fund Managers Limited ('EFM'), a subsidiary undertaking, which is registered in England and Wales. The principal activity of EFM is the provision of investment advice to two English parallel limited partnerships, a Jersey based limited partnership and a UK limited company. At the year end the issued share capital of EFM comprised 0.1p ordinary shares which were wholly owned by the company.

10. Debtors

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Amounts falling due within one year				
Trade debtors	891,503	821,161	546,564	781,432
Other debtors	3,048	6,967	1,900	-
Prepayments and accrued income	569,909	73,986	-	-
	<u>1,464,460</u>	<u>902,114</u>	<u>548,464</u>	<u>781,432</u>
Amounts falling due after more than one year				
Deferred tax asset (See below)	-	323,974	-	-
	<u>-</u>	<u>323,974</u>	<u>-</u>	<u>-</u>
Total debtors	<u>1,464,460</u>	<u>1,226,088</u>	<u>548,564</u>	<u>781,432</u>

The deferred tax asset arises as a result of accumulated tax losses as follows

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
At 1 April	323,974	323,974	-	-
Tax charge in the profit and loss account (note 6)	(323,974)	-	-	-
At 31 March	<u>-</u>	<u>323,974</u>	<u>-</u>	<u>-</u>

There is an unrecognised deferred tax asset of £452,567 (2012: £59,618) relating to carried forward trading losses, non-trading losses and management expenses. Deferred tax has not been recognised in relation to carried forward capital losses, management expenses or non-trading loan relationship deficits in the holding company.

11 Creditors: Amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade creditors	217,496	399,118	11,400	-
Social security	32,304	18,109	-	-
Other creditors	201,744	214,058	100	5,481
Accruals	456,448	1,217,945	-	-
VAT	61,236	-	-	-
Directors' loan accounts	66,180	-	-	-
Amounts owed to group undertakings	-	-	3,522,186	5,163,491
Other loans	21,351,689	18,194,840	21,351,689	18,194,840
	<u>22,387,097</u>	<u>20,044,070</u>	<u>24,885,375</u>	<u>23,363,812</u>

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

11. Creditors (continued)

The loan facilities are owned by Hookstone Limited, a company controlled by Faraway Trustee Limited as trustee of a discretionary trust of which Professor Sir C Evans is a discretionary object. The Faraway Trustee Ltd is based in the Isle of Man and is the ultimate controlling party of the group and company as described in Note 18.

Exchange movements have been treated as follows

	2013 £	2012 £
Exchange movements		
- arising on retranslation of foreign currency borrowings	173,405	911,818
- arising on retranslation of foreign currency investments	(157,252)	(447,295)
Amount credited / (charged) to profit and loss account	<u>12,905</u>	<u>464,523</u>

12 Called up share capital

	2013 £	2012 £
Authorised		
2,547,504 (2012: 2,547,504) 'A' ordinary shares of £0.0001 each	255	255
636,876 (2012: 636,876) 'B' ordinary shares of £0.0001 each	64	64
16,815,620 (2012: 16,815,620) ordinary shares of £0.00001 each	1,681	1,681
20,000,000 ordinary shares of £0.0001 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid		
2,547,504 (2012: 2,547,504) 'A' ordinary shares of £0.0001 each	255	255
636,876 (2012: 636,876) 'B' ordinary shares of £0.0001 each	64	64
8,818,445 (2012: 8,818,445) ordinary shares of £0.00001 each	881	881
	<u>1,200</u>	<u>1,200</u>

The 'A' ordinary shares and the 'B' ordinary shares rank pari passu with the ordinary shares except for a preferential participation in any distribution of equity proceeds or on a realisation.

13 Reserves

Profit and loss account

	Group £	Company £
At 1 April 2012	(16,513,237)	(15,556,614)
Result for the financial year	(9,011,760)	(7,924,173)
At 31 March 2013	<u>(25,524,997)</u>	<u>(23,480,787)</u>

Share premium

	2013 £	2012 £
Group and company	<u>5,179,260</u>	<u>5,179,260</u>

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

13. Reserves (continued)

Foreign exchange translation reserve

	Group £	Company £
At 1 April 2012	6,807	-
Arising on translation of the results of subsidiary undertakings not consolidated	(1,302)	-
At 31 March 2013	5,505	-

14 Reconciliation of movements in shareholders' funds

	Group £	Company £
Opening shareholders' funds	(11,325,970)	(10,376,154)
Result for the financial year	(9,011,760)	(7,924,173)
Foreign exchange translation reserve	(1,302)	-
Closing shareholders' funds	(20,339,032)	(18,300,327)

15 Guarantees, other financial commitments and contingent liabilities

Capital commitments

At the year end the group had committed a total investment of €24,293,795 (2012 €24,293,795), representing 17.5% (2012 17.5%) of the Funds. The commitment consists of a €2,429 (2012 €2,429) capital contribution with the balance as a loan and is payable from time to time as determined by the Manager of the Fund over the life of the Funds which is a maximum of ten years from 31 July 2002.

As at 31 March 2013, €24,293,975 (2012 €24,293,975) of the commitment had been paid. No distribution was received from the Funds during the year (2012 nil).

Lease commitments

The Group leases certain land and buildings on short-term leases. The minimum annual rental (or period to expiry) under such operating leases is as follows:

	Group 2013 £	Group 2012 £
Property operating lease which expire		
Within one year	160,722	176,904
Between two and five years	-	-

Excalibur Group Holdings Limited

Notes to financial statements (continued) for the year ended 31 March 2013

16. Post balance Sheet events

In the period since the year-end there have been further impairments to the investments held by the group in the Merlin Biosciences Fund III amounting to £195,853

17. Related parties

Consultancy fees were payable to businesses in which Prof Sir C Evans is a designated member or ultimate beneficiary as follows

Hookstone Limited - £600,000 (2012 £650,000),

Glebe Corporate LLP - £5,000 (2012 £50,000), balance at year-end being £164,000 due from Glebe Corporate LLP

Merlin Scientific LLP £10,000 (2012 £nil), balance at year-end being £9,359 due to Merlin Scientific LLP

Consultancy fees of nil (2012 £41,636) were payable during the period to XKe Capital LLP, a business in which M Docherty is a partner. Non-executive director fees of £25,000 (2012 £41,696) were payable to J Curnock-Cook and at the year-end the balance amounted to £45,036 (2012 £15,036)

Other fees amounting to £110,058 (2012 £178,545) were recharged by Hookstone Limited. Interest on the loans provided by Hookstone Limited was payable as set out in note 2 and the year-end balance is included in other loans at note 11

Subcontracted management fees and consultancy fees amounting to £845,047 and £500,000 respectively were receivable from Arthurian Life Sciences Limited, a business controlled by Prof Sir C Evans. At the year-end the balance receivable amounted to £500,000

The transactions and year end outstanding balances with the underlying funds are disclosed in Note 9

Other than the disclosed amounts, no other balance is outstanding with related parties

18. Ultimate controlling party

The ultimate controlling party is considered to be The Faraway Trustee Ltd, as trustee of a discretionary trust of which Prof Sir C Evans is a discretionary beneficiary. The Faraway Trustee Ltd is based in the Isle of Man