SUMMIT (OXFORD) LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

31 JANUARY 2014

Registered No. 04636431

COMPANY INFORMATION

Directors	G O Edwards
Company Number	04636431
Registered Office	85B Park Drive Milton Park Abingdon Oxfordshire OX14 4RY
Independent Auditors	PricewaterhouseCoopers LLP One Reading Central 23 Forbury Road Reading RG1 3JH

CONTENTS

DIRECTOR'S REPORT
For the year ended 31 January 2014

The director presents the Director's report and the audited financial statements for year ended 31 January 2014.

PRINCIPAL ACTIVITIES OF BUSINESS

The principal activity of the Company is the discovery and development of novel drug candidates to treat areas of high unmet medical need.

RESULTS AND DIVIDENDS

The company made a loss for the financial year of £6,080,551 (2013: loss of £5,240,615).

The director does not recommend the payment of a dividend.

DIRECTORS

The directors of the company who was in office during the year and up to the date of signing the financial statements were:

G O Edwards
S G Davies (resigned 28 February 2013)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The director is responsible for preparing the Direcor's report and 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under comapny law the director must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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 a 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 the director to ensure that the financial statements comply with the Companies Act 2006. The director 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.

GOING CONCERN

The director believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Summit Corporation plc. The director has received confirmation that Summit Corporation plc intends to support the company for at least one year after these financial statements are signed.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP has expressed its willingness to be appointed to office as auditors for the year. A resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

The current director has taken steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The director is not aware of any relevant audit information of which the auditors are unaware.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

This report was approved by the board on 29 April 2014 and signed on its behalf.

Glyn Edwards

G O Edwards
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUMMIT (OXFORD) LIMITED
For the year ended 31 January 2014

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:
- give a true and fair view of the state of the company's affairs as at 31 January 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Summit (Oxford) Limited, comprise:

- the balance sheet as at 31 January 2014
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Certain disclosures required by the financial reporting framework have been presented elsewhere in the Director's Report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 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 Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on other matters 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 SUMMIT (OXFORD) LIMITED (continued)

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the director was not entitled to take advantage of the small companies' exemption in preparing the Director's Report and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilites and those of the director

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 ISAs (UK & 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.

Sam Taylor (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
United Kingdom
29 April 2014

PricewaterhouseCoopers LLP is a limited liability partnership registered in England and Wales (with registered number OC303525).

PROFIT AND LOSS ACCOUNT
For the year ended 31 January 2014

	Notes	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Turnover	2	1,374,815	1,813,963
Cost of sales		-	-
Gross profit		1,374,815	1,813,963
Administrative expenses		(8,541,291)	(7,487,178)
Other operating income		469,210	81,001
Operating loss	3	(6,697,266)	(5,592,214)
Interest receivable and similar income		9,478	10,823
Loss on ordinary activities before taxation		(6,687,788)	(5,581,391)
Tax on loss on ordinary activities	6	607,237	340,776
Loss for the financial year	15	(6,080,551)	(5,240,615)

All amounts relate to continuing activities

There were no recognised gains or losses other than those included in the profit and loss account.

There is no material difference between the loss on ordinary activities before taxation and the loss for the financial year stated above their historical costs equivalents

The notes on pages 8 to 17 form part of these financial statements

BALANCE SHEET
As at 31 January 2014

	Notes	31 January 2014 £	31 January 2013 £
Fixed assets			
Intangible assets	7	170,581	169,914
Tangible assets	8	42,789	22,844
		213,370	192,758
Current assets			
Debtors	9	1,064,779	803,660
Cash at bank and in hand		2,020,128	3,369,261
		3,084,907	4,172,921
Creditors: amounts falling due within one year	10	(1,823,567)	(1,347,196)
Net current assets		1,261,340	2,825,725
Total assets less current liabilities		1,474,710	3,018,483
Creditors: amounts falling due after more than one year	11	(42,339,175)	(37,895,157)
Provision for liabilities	12	(16,528)	(150,000)
Net liabilities		(40,880,993)	(35,026,674)
Capital and reserves			
Called up share capital	13	1,000	1,000
Share premium account	15	99,000	99,000
Capital contribution	15	1,454,500	1,228,268
Profit and loss account	15	(42,435,493)	(36,354,942)
Total shareholders' deficit	16	(40,880,993)	(35,026,674)

The financial statements on pages 6 to 17 were approved by the board and authorised for issue on 29 April 2014 and signed on its behalf by

Glyn Edwards

G O Edwards
Chief Executive Officer

The notes on pages 8 to 17 form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards. The accounting policies have been applied consistently throughout the year.

Going concern
The director believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company, Summit corporation plc. The director has received confirmation that Summit Corporation plc intends to support to company for at least one year after these financial statements are signed.

Turnover
The recognition of income received, such as license fees, contract research fees, up front payments and milestone payments is dependent on the terms of the arrangement, having regard to the risks and rewards of the arrangement, and the existence of any performance or repayment obligations with any third party. Monies received as part of the Wellcome Trust grant and the monies received to help fund the DMD clinical work are treated as revenue as they are more akin to contract research than government assistance and are part of wider funding and revenue sharing agreements.

Summit recognises turnover when persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the fee is fixed and determinable and recoverability is assured. Amounts received are recognised immediately as turnover where there are no substantial risks, there are no ongoing obligations and amounts received are not refundable. Amounts are deferred over an appropriate period where these conditions are not met.

Research and development
Research and development expenditure is written off to the profit and loss account in the year in which it is incurred. In addition to direct costs, a proportion of facility costs and other overheads are allocated as R&D expenditure. This allocation is made to fairly reflect the level of resources engaged in the Company's R&D activities.

Intangible assets - Goodwill
Goodwill arising on the acquisition of a business represents the excess of any fair value over the identifiable net assets acquired with the business. Goodwill is recognised as an asset and written off over a 20 year period on a straight-line basis. In addition, goodwill is reviewed for impairment annually and whenever there is an indicator of impairment.

Intangible assets – Patents and trademarks
Intangible fixed assets are stated at historic cost less amortisation. Amortisation is calculated to write off the cost of intangible fixed assets in equal instalments over their estimated useful lives as follows:

Patents (once filed)	20 years
Licenses	Over the period of the license agreement

Depreciation and tangible fixed assets
Tangible fixed assets are stated at historic cost less depreciation. Historic cost comprises the purchase price plus any incidental costs of acquisition and commissioning. Depreciation is calculated to write off the cost, less residual value, of tangible fixed assets in equal annual instalments over their estimated useful lives as follows:

Leasehold improvements	Over the period of the remaining lease
Laboratory equipment	3 - 10 years
Office and IT equipment	3 - 5 years

NOTES TO THE FINANCIAL STATEMENTS (continued)

Intellectual property
Intellectual property consists of patents, trademarks and other similarly identifiable rights. Intellectual property acquired separately from a business is carried initially at cost and amortised on a straight-line basis over their estimated useful economic lives from the time they are first available for use.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the 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 profit and loss account.

Operating leases
Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the terms of the leases.

Government grants
Revenue based grants are credited to the profit and loss account so as to match them with expenditure towards which they are intended to contribute.

Deferred taxation
Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or the right to pay less or to receive more tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pensions
The Company operates a defined contribution scheme for its employees. 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 and contributions actually paid are shown as either accruals or prepayments in the balance sheet, at the year end there was £nil (2013 £nil) included as either accruals or prepayments.

Cash flow statement
The Company has taken advantage of the exemption conferred upon it by FRS 1 "Cash Flow Statements" (revised 1996) not to prepare a cash flow statement whereby the cash flows of the Company are incorporated into those of the ultimate parent undertaking and these financial statements are publicly available.

Share based payments
Summit Corporation plc issues share options to group employees to attract, retain and incentivise staff. Staff within the group are employed by wholly owned subsidiaries and therefore Summit (Oxford) Limited records the details of the share option charge as if it were the entity issuing the share options. This is treated as a capital contribution in the equity shareholder's funds of the company. The fair value of the employee services received in exchange for the grant of the options and rewards is recognised as an expense. The expense is based upon a number of assumptions as disclosed in Note 14, Share-based payment. The selection of different assumptions could affect the future results of the Company.

In accordance with FRS 20 – 'Share-based payment', share options are measured at fair value at their grant date. The fair value for the majority of the options is calculated using the Black-Scholes formula and charged to the profit and loss on a straight-line basis over the expected vesting period. For those options issued with vesting conditions other than remaining in employment (for example, those conditions upon the Group achieving certain predetermined financial criteria) either a Monte-Carlo or Hull White trinomial lattice model has been used depending on the particular conditions. At each balance sheet date, the Company revises its estimate of the number of options that are expected to become exercisable. This estimate is not revised according to estimates of changes in market based conditions.

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. TURNOVER

The Company currently had two main streams of revenue; being the receipt of monies as part of the Wellcome Trust funding agreement and also the receipt of monies from non-profit organinisations to help finance the clinical work in DMD.

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
UK	1,374,815	1,101,341
USA	-	712,622
	1,374,815	1,813,963

3. OPERATING LOSS

The operating loss before taxation is stated after charging/(crediting):

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Operating leases - land and buildings	116,842	184,140
Depreciation charge	16,764	47,588
Amortisation charge	9,333	45,100
Impairment charge	-	899,056
Grant income	(306,488)	(81,001)
Provision against fellow group undertakings receivables	2,000	1,036,220
Auditors' remuneration		
- for audit services	21,000	18,725

The figures within the auditors' remuneration note in the Summit Corporation plc consolidated financial statements include fees charged by the company's auditors to Summit (Oxford) Limited in respect of non- audit services. As such, no separate disclosure has been given above.

Amounts recognised in respect of the Wellcome Trust award totalling £1,101,075 were included as grant income in the above note in the year ended 31 January 2013. This has been removed this year and the comparative figure for grant income restated.

4. DIRECTORS' EMOLUMENTS

The aggregate emoluments of the directors of the Company computed in accordance with the Companies Act 2006 are shown below. The highest paid director had aggregate emoluments of £180,000 (2013: £176,831). The Company paid pension contributions totalling £9,000 in respect of the highest paid director (2013: £70,883).

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Aggregate emoluments	185,938	257,378
Pension contributions	9,000	77,258
	194,938	334,636

In year ended 31 January 2014 the Company incurred termination fees of £nil in respect of one of the directors (2013: £66,370).

The total number of directors accruing benefits under the company's defined contribution scheme is 1 (2013: 1).

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. EMPLOYEES

The monthly average number of employees during the year was:

	Year ended 31 January 2014 Number	Year ended 31 January 2013 Number
Technical, research and development	7	15
Administration and overheads	10	11
	17	26

Their aggregate remuneration comprised:

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Wages and salaries	1,188,689	1,515,121
Social security costs	146,122	151,361
Other pension costs	77,195	80,675
Share based payment	226,232	115,428
	1,638,238	1,862,585

Included within wages and salaries are redundancy costs of £1,444 (2013: £157,742).

6. TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit represents:

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Adjustment in respect of prior years	2,859	(2,287)
R&D tax credits in year	604,378	343,063
	607,237	340,776

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the United Kingdom of 23.17% (2013: 24.33%). The differences are explained as follows:

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Loss on ordinary activities before taxation	(6,687,788)	(5,581,391)
Tax thereon at 23.17% (2013: 24.33%)	(1,549,561)	(1,357,952)
Expenses not deductible for tax	88,644	287,439
Movement in short-term timing differences	6,648	34,724
Increase in losses carried forward to future periods	897,341	822,431
Capital allowances in excess of depreciation	(8,867)	7,757
Tax relief for qualifying R&D expenditure	(707,244)	(538,893)
Difference in rate regarding R&D tax credits	668,661	401,431
Adjustment in respect of prior years	(2,859)	2,287
Current tax credit for the year	(607,237)	(340,776)

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAXATION (CONTINUED)

Unrecognised deferred tax

There is an unprovided deferred tax asset in relation to the trading losses carried forward of £7,254,414 (2013: £6,502,879), £3,830 in relation to provisions (2013: £32,826) and £8,223 (2013: liability £5,254) in respect of accelerated capital allowances.

The unrecognised deferred tax asset would be recovered against future company taxable profits. In the opinion of the director, there is insufficient evidence that the asset will be recovered, as such the deferred tax asset has not been recognised in the financial statements.

7. INTANGIBLE ASSETS

	Intangible assets £
Cost	
At 1 February 2013	1,565,928
Additions	10,000
At 31 January 2014	1,575,928
Accumulated Amortisation	
At 1 February 2013	1,396,014
Provided for in the year	9,333
At 31 January 2014	1,405,347
Net book value	
At 1 February 2013	169,914
At 31 January 2014	170,581

Amortisation of intangible assets is included in the line "Administrative expenses" shown on the face of the Profit and Loss account.

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TANGIBLE FIXED ASSETS

	Leasehold improvement £	Laboratory equipment £	Office and IT equipment £	Total £
Cost				
At 1 February 2013	4,594	135,263	115,918	255,775
Additions	8,885	-	27,825	36,710
Disposals	(4,594)	-	(14,908)	(19,502)
At 31 January 2014	8,885	135,263	128,835	272,983
Accumulated Depreciation				
At 1 February 2013	4,594	135,263	93,074	232,931
Provided during the year	1,727	-	15,037	16,764
Disposals	(4,594)	-	(14,907)	(19,501)
At 31 January 2014	1,727	135,263	93,204	230,194
Net book value				
At 1 February 2013	-	-	22,844	22,844
At 31 January 2014	7,158	-	35,631	42,789

9. DEBTORS

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Trade debtors	-	50,711
Corporation tax recoverable	634,098	343,063
Other debtors	86,048	187,039
Prepayments and accrued income	344,633	222,847
	1,064,779	803,660

10. CREDITORS: Amounts falling due within one year

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Trade creditors	349,212	253,803
Other creditors	35,124	69,708
Taxation and social security	56,354	52,245
Accruals and deferred income	1,382,877	971,440
	1,823,567	1,347,196

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. CREDITORS: Amounts falling due after more than one year

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Amounts owed to group undertaking	42,339,175	37,895,157

Amounts owed to group undertakings are unsecured, interest free and has no fixed date for repayment.

12. PROVISION FOR LIABILITIES

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Opening balance	150,000	204,737
Addition in the year	16,528	150,000
Utilised in the year	(150,000)	(204,737)
Closing balance	16,528	150,000

The opening balance relates to a £150,000 provision in respect of the dilapidation costs associated with the reinstatement obligations for the laboratory facilities based on best estimates contained within the lease. The provision was based on estimated costs provided by a building surveyor and was paid during the year. The addition in the year relates to the reinstatement obligation in respect of the company's new premises and is based on estimated costs provided by a building surveyor.

13. CALLED UP SHARE CAPITAL

	Year ended 31 January 2014 £	Year ended 31 January 2013 £
Allotted, called up and fully paid		
1,000 (2013: 1,000) ordinary shares of £1 each	1,000	1,000

14. SHARE BASED PAYMENT

Summit Corporation plc grants options to employees of Summit (Oxford) Limited over its ordinary shares at not less than the market value on the date of the grant. Details of each scheme are given in Summit Corporation plc consolidated financial statements. The options vest over three years from the date of grant and have a term of ten years from the date of vesting. Exercise of options is subject to continued employment. Options are forfeited if the employee leaves the company before they vest. Employees are not entitled to dividends on shares attached to vesting or unexercised options. The first grant of share options to Summit (Oxford) Limited employees was made on 2 September 2004.

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. SHARE BASED PAYMENT (CONTINUED)

The movement in the number of share options is set out below:

	Weighted average exercise price (p)	2014	Weighted average exercise price (p)	2013
Outstanding at 1 February	6	46,336,290	15	10,936,435
Granted during the year	9	26,379,394	3	40,159,189
Lapsed during the year	5	(7,722,266)	5	(4,759,334)
Number of outstanding options at 31 January	7	64,993,418	6	46,336,290

As at 31 January 2014, 2,534,024 share options were capable of being exercised (2013: 777,435). The options outstanding at 31 January 2014 had a weighted average exercise price of 7 pence (2013: 6 pence), and a weighted average remaining contractual life of 8.9 years (2013: 9.1 years).

Summit Corporation plc operates a number of share-based incentive schemes as detailed above. The fair value per award granted and the assumptions used in the calculations are as follows:

Date of grant	Type of award	Number of shares	Exercise price	Share price at grant date	Fair value per option	Award life Years	Risk free rate
2 Dec 05	EMI	21,000	171.5	171.5	41.0	3.0	4.2%
13 Oct 06	EMI	2,400	136.0	136.0	36.0	3.0	4.6%
21 Nov 07	EMI	9,600	114.0	114.0	42.0	3.0	4.6%
7 Apr 11	EMI	1,985,000	3.3	3.3	2.4	5.0	2.7%
10 May 12	EMI	4,345,000	3.0	2.6	1.1	5.0	1.0%
10 May 12	EMI	6,300,000	3.0	2.6	1.2	5.0	1.0%
24 Dec 12	EMI	8,000,000	4.3	4.3	0.6	5.0	0.9%
31 Jan 13	EMI	1,814,189	1.0	4.7	3.7	5.0	0.9%
18 Dec 13	EMI	12,090,000	9.3	9.3	1.9	5.0	1.8%
18 Dec 13	EMI	212,121	1.0	9.3	8.3	5.0	1.8%
02 Dec 05	Unapproved	3,382	171.5	171.5	41.0	3.0	4.2%
22 May 06	Unapproved	540,120	165.0	165.0	45.0	3.0	4.6%
13 Oct 06	Unapproved	105,000	136.0	136.0	36.0	3.0	4.6%
21 Nov 07	Unapproved	38,333	114.0	114.0	42.0	3.0	4.6%
7 Apr 11	Unapproved	500,000	3.3	3.3	2.4	5.0	2.7%
10 May 12	Unapproved	13,150,000	3.0	3.0	0.8	5.0	1.0%
24 Dec 12	Unapproved	2,000,000	4.3	4.3	0.6	5.0	0.9%
30 May 13	Unapproved	2,000,000	4.0	4.0	0.4	5.0	1.0%
18 Dec 13	Unapproved	10,350,000	9.3	9.3	1.9	5.0	1.8%
18 Dec 13	Unapproved	1,527,273	1.0	9.3	8.3	5.0	1.8%
		64,993,418					

The key assumptions used in calculating the share-based payments are as follows:

a. Black-Scholes valuation methodology was used for all options issued prior to 2008.
b. The award of share options made in 2010, 2011, 2012 and part of those issued in 2013 are performance related, as described in the Directors' Remuneration Report in the Group's financial statements, and have been modelled using either the Monte-Carlo methodology or Hull White trinomial lattice model. Some of the December 2013 options are not performance related and have been modelled using the Hull White trinomial lattice model.
c. A figure in the range 18-134% has been used for the expected volatility. This has been derived from historic share price performance, weighted to exclude periods of unusually high volatility.
d. Expected dividend yield is nil, consistent with the Directors' view that the Group's business model is to generate value through capital growth rather than the payment of dividends.
e. The risk free rate is equal to the prevailing UK Gilts rate at grant date that most closely matches the expected term of the grant.
f. Share options are assumed to be exercised immediately on vesting.
g. The fair value of the options awarded on 10 May 2012 and 18 December 2013 are the averages of the fair values calculated per possible vesting instalment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. RESERVES

	Share premium account £	Capital contribution £	Profit and loss account £	Total £
At 1 February 2013	99,000	1,228,268	(36,354,942)	(35,027,674)
Share based payment	-	226,232	-	226,232
Loss for the year	-	-	(6,080,551)	(6,080,551)
At 31 January 2014	99,000	1,454,500	(42,435,493)	(40,881,993)

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDER'S DEFICIT

	2014 £	2013 £
Opening shareholders' deficit	(35,026,674)	(29,901,487)
Loss for the financial year	(6,080,551)	(5,240,615)
Share based payment	226,232	115,428
Closing shareholders' deficit	(40,880,993)	(35,026,674)

17. LEASING COMMITMENTS

The Company's annual commitments under non-cancellable operating leases are as follows:

Land and buildings	2014 £	2013 £
Leases which expire between two and five years	-	127,655
Leases which expire greater than five years	88,116	-

Other commitments

On 13 December 2006, Summit (Oxford) Limited acquired the assets of MNL Pharma Limited ("MNL"), a company that entered into administration in October 2006. Summit (Oxford) Limited acquired all rights to MNL's lead drug candidate (previously known as MNLP462a and now known as SMT14400), a library of iminosugars and all assets held at MNL's Aberystwyth facility. Under the terms of the agreement, the Company is committed to make MNL's former shareholder payments contingent on achieving clinical milestones for SMT14400, or a back-up candidate emerging from the iminosugar library.

18. CAPITAL COMMITMENTS

At 31 January 2014 the Company had no capital commitments (2013: nil).

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. RELATED PARTY TRANSACTIONS

Under FRS8 the company is exempt from the requirement to disclose transactions with group undertakings on the grounds that it is a wholly owned subsidiary of Summit Corporation plc and its results are included in that company's Consolidated Financial Statements.

20. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Ultimate Parent Undertaking is Summit Corporation plc, a company incorporated in England and Wales.

The Financial Statements of Summit Corporation plc are the only group financial statements incorporating the company. A copy of the Directors' Report and Financial Statements can be obtained from the company's registered office.