

iQur Limited

Report and Financial Statements

Year Ended

31 March 2014

Company Number 04665665

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iQur Limited

Report and financial statements for the year ended 31 March 2014

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Directors

Prof. W. M. C. Rosenberg
Dr. D. B. Campbell
B. Reynolds
Dr. J. Tite
Dr. M. A. Whelan
Mr. M. R. Underwood

Secretary and registered office

Dr. M. A. Whelan, The London Bioscience Innovation Centre, 2 Royal College Street, London, NW1 0NH

Company number

04665665

Auditors

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

iQur Limited

Report of the directors for the year ended 31 March 2014

The directors present their report together with the audited financial statements for the year ended 31 March 2014.

Results

The profit and loss account is set out on page 5 and shows the loss for the year.

Post balance sheet event

In August 2014 the company undertook a fundraising event to raise £1,200,000 through the issue of 600,000 shares of £2 each. As at the date of the audit report, £638,000 had been received with the remaining £562,000 expected in early 2015. As a result of this the company was required to convert loan notes of £1,279,476 into ordinary shares of £1 each under the conversion rights attached to the loan notes disclosed in note 12 to the accounts..

Directors

The directors of the company during the year were:

Prof. W. M. C. Rosenberg
Mr. J. B. Boyer (resigned 5 September 2014)
Dr. D. B. Campbell
B. Reynolds
Dr. J. Tite
Dr. M. A. Whelan (appointed 28 October 2013)
Mr. M. R. Underwood (appointed 8 September 2014)

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the 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 company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

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

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

iQur Limited

Report of the directors for the year ended 31 March 2014 (continued)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the board



Dr. M. A. Whelan
Director

8 DEC 2014

iQur Limited

Independent auditor's report

To the members of iQur Limited

We have audited the financial statements of iQur Limited for the year ended 31 March 2014 which comprise the profit and loss account, the balance sheet, the cash flow statement 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).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC'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 FRC's website at 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 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.

Opinion on other matters 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.

iQur Limited

Independent auditor's report (*continued*)

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 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 prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



*Kier White (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom*

15/12/14

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

iQur Limited

Profit and loss account for the year ended 31 March 2014

	Note	2014 £	2013 £
Turnover	2	112,157	244,234
Cost of sales		51,671	116,641
		<u>60,486</u>	<u>127,593</u>
Gross profit			
Administrative expenses		659,412	420,579
		<u>(598,926)</u>	<u>(292,986)</u>
Other operating income		109,837	21,802
		<u>109,837</u>	<u>21,802</u>
Operating loss	3	(489,089)	(271,184)
Other interest receivable and similar income		309	318
		<u>309</u>	<u>318</u>
Loss on ordinary activities before taxation		(488,780)	(270,866)
Taxation on loss on ordinary activities	6	63,893	68,459
		<u>63,893</u>	<u>68,459</u>
Loss on ordinary activities after taxation		<u>(424,887)</u>	<u>(202,407)</u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 21 form part of these financial statements.

iQur Limited

Balance sheet at 31 March 2014

Company number 04665665	Note	2014 £	2014 £	2013 £	2013 £
Fixed assets					
Intangible assets	7		99,027		131,484
Tangible assets	8		35,409		1,804
Fixed asset investments	9		102		102
			<u>134,538</u>		<u>133,390</u>
Current assets					
Debtors	10	173,726		136,756	
Cash at bank and in hand		312,033		294,639	
		<u>485,759</u>		<u>431,395</u>	
Creditors: amounts falling due within one year	11	278,974		105,517	
		<u>278,974</u>		<u>105,517</u>	
Net current assets			206,785		325,878
Total assets less current liabilities			<u>341,323</u>		<u>459,268</u>
Creditors: amounts falling due after more than one year	12		1,279,476		972,534
Capital and reserves					
Called up share capital	13	2,594		2,594	
Share premium account	14	8,039,313		8,039,313	
Profit and loss account	14	(8,980,060)		(8,555,173)	
		<u>(8,980,060)</u>		<u>(8,555,173)</u>	
Shareholders' deficit	15		(938,153)		(513,266)
			<u>341,323</u>		<u>459,268</u>

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

The financial statements were approved by the board of directors and authorised for issue on 8/4/14


Dr. M. A. Whelan
Director

8 DEC 2014

The notes on pages 8 to 21 form part of these financial statements.

iQur Limited

Cashflow statement for the year ended 31 March 2014

	Note	2014 £	2014 £	2013 £	2013 £
Net cash outflow from operating activities	20		(295,725)		(298,075)
Returns on investments and servicing of finance					
Interest received			309		318
Taxation					
Corporation tax paid			58,262		91,317
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(16,552)		(8,979)	
Payments to acquire tangible fixed assets		(35,842)		(357)	
Net cash outflow from capital expenditure and financial investment			(52,394)		(9,336)
Cash outflow before use of financing			(289,548)		(215,776)
Financing					
Loan notes issued			306,942		318,534
Increase in cash	21		17,394		102,758

The notes on pages 8 to 21 form part of these financial statements.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Going concern

The Company's cash position at 31 March 2014 was £312,033 (2013: £294,639). The directors prepared cash flow forecasts which indicated that in addition to the funding received and receivable from successful grant applications the company would require additional funding by the end of the first quarter of 2015 in order to meet its commitments as they fall due.

As a result of this the company undertook a fundraising event in August 2014 to generate £1.2m of working capital through the issue of 600,000 shares of £2 each. As at the date of the audit report, £638,000 had been received with the remaining £562,000 expected in early 2015.

Based upon this event, the Directors believe that the going concern basis of preparation continues to be appropriate.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Turnover is recognised only to the extent that the Company has performed its contractual obligations, principally as certain technical or clinical targets are reached, based on the fair value of the right to consideration for each component of the agreement. Revenue in respect of diagnostic testing is recognised on completion of the relevant tests.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Equipment - Between three and five years

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Convertible debt

The proceeds received on issue of the Company's convertible debt have been classified as a liability in the balance sheet as whilst the debt is only convertible into equity and not repayable the debt will be settled by the issue of a variable number of equity shares.

Research and development

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 *(continued)*

1 Accounting policies *(continued)*

Research and development (continued)

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the company starts to benefit from the expenditure.

Share-based payment

When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the share options have been awarded in lieu of salary then the charge is based on the salary foregone.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Government grants

Grants of a revenue nature are credited to the profit and loss accounts so as to match them with the expenditure to which they relate. These amounts are disclosed as other operating income.

Intangible fixed assets

Intangible fixed assets comprise of trademarks, acquired patents and know-how directly relating to current and future licensing and distribution activities. These are recorded at cost on the date of purchase. The purchase of intangible fixed assets can be for consideration other than cash, in which event cost is calculated by reference to the market value of the non-cash consideration.

Intangibles are amortised in equal installments over their anticipated economic working life of seven years, subject to reviews for impairment.

Leased assets

Annual rental costs of operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

1 Accounting policies (continued)

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 399 of the Companies Act 2006 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is % (2013 - %).

3 Operating loss

	2014 £	2013 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	2,237	1,685
Amortisation of other intangible fixed assets	49,009	49,503
Hire of other assets - operating leases	42,529	38,923
Fees payable to the company's auditor for the auditing of the company's annual accounts	7,050	6,885
Exchange differences	466	15
Research and development	383,158	320,896

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

4 Employees

Staff costs (including directors) consist of:

	2014 £	2013 £
Wages and salaries	309,305	354,690
Social security costs	34,544	26,711
Share based payment charge	-	(172,241)
	<u>343,849</u>	<u>209,160</u>

The average number of employees (including directors) during the year was as follows:

	2014 Number	2013 Number
Administration	4	4
Research and Development	5	5
Diagnostic Testing	1	1
	<u>10</u>	<u>10</u>

Wages and salaries costs include £Nil in respect of share options issued in lieu of salary (2013: £117,000).

5 Directors' remuneration

	2014 £	2013 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	176,633	-
Share options issued in lieu of salary	-	117,000
	<u>176,633</u>	<u>117,000</u>

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

6 Taxation on loss on ordinary activities

	2014 £	2013 £
<i>UK Corporation tax</i>		
Current tax on loss of the year	(63,772)	(68,580)
Adjustment in respect of previous periods	(121)	121
	<hr/>	<hr/>
Total current tax	(63,893)	(68,459)
	<hr/>	<hr/>

The tax assessed for the year is different to the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2014 £	2013 £
Loss on ordinary activities before tax	(488,780)	(270,866)
	<hr/>	<hr/>
Loss on ordinary activities at the standard rate of corporation tax in the UK of 23% (2013 - 24%)	(112,419)	(65,008)
Effect of:		
Income/expenses not deductible for tax purposes	-	28,080
Adjustment to tax charge in respect of previous periods	(121)	121
R&D enhancement relief	(4,622)	(5,066)
Fixed asset timing differences	(8,306)	(415)
Losses carried forward	61,575	15,166
Different tax rate on deferred tax movement	-	(41,337)
	<hr/>	<hr/>
Current tax credit for the year	(63,893)	(68,459)
	<hr/>	<hr/>

There are tax losses available for carry forward against future trading profits of approximately £5,509,000 (2013: £5,240,000). A deferred tax asset in respect of these losses of approximately £1,102,000 (2013: £1,258,000) and in respect of other timing differences of £338,000 (2013: £405,000) has not been recognised in the accounts as the full utilisation of these losses in the foreseeable future is uncertain.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

7 Intangible fixed assets

	Other intangible fixed assets £
<i>Cost or valuation</i>	
At 1 April 2013	349,208
Additions	16,552
	<hr/>
At 31 March 2014	365,760
	<hr/>
<i>Amortisation</i>	
At 1 April 2013	217,724
Provided for the year	49,009
	<hr/>
At 31 March 2014	266,733
	<hr/>
<i>Net book value</i>	
At 31 March 2014	99,027
	<hr/>
At 31 March 2013	131,484
	<hr/>

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

8 Tangible fixed assets

	Plant and machinery etc £
<i>Cost or valuation</i>	
At 1 April 2013	98,214
Additions	35,842
	<hr/>
At 31 March 2014	134,056
	<hr/>
<i>Depreciation</i>	
At 1 April 2013	96,410
Provided for the year	2,237
	<hr/>
At 31 March 2014	98,647
	<hr/>
<i>Net book value</i>	
At 31 March 2014	35,409
	<hr/>
At 31 March 2013	1,804
	<hr/>

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

9 Fixed asset investments

	Shares in group undertakings and participating interests £
<i>Cost or valuation</i>	
At 1 April 2013 and 31 March 2014	102

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
<i>Subsidiary undertakings</i>			
Convention Associates Limited	UK	100	% Dormant
iQUR Diagnostics Limited	UK	100	% Dormant
iQUR Therapeutics Limited	UK	100	% Dormant
iQUR Services Limited	UK	100	% Dormant

10 Debtors

	2014 £	2013 £
Trade debtors	40,892	46,294
Corporation tax recoverable	73,969	68,338
Other debtors	30,235	10,862
Prepayments and accrued income	28,630	11,262
	173,726	136,756

All amounts shown under debtors fall due for payment within one year.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

11 Creditors: amounts falling due within one year

	2014 £	2013 £
Trade creditors	20,225	15,868
Taxation and social security	14,204	6,855
Other creditors	244,545	82,794
	<u>278,974</u>	<u>105,517</u>

12 Creditors: amounts falling due after more than one year

	2014 £	2013 £
Convertible loan notes	<u>1,279,476</u>	<u>972,534</u>

Maturity of debt:

	Convertible debt 2014 £	Convertible debt 2013 £
In more than one year but not more than two years	<u>1,279,476</u>	<u>972,534</u>

The Company has raised funding by the issue of convertible loan notes. The loan notes have a nil coupon with conversion rights into ordinary share capital at the time of the next major funding event (specified as a fundraising round in excess of £500,000 or an exit event). The conversion price per share will be determined at the lower of £92.00 per share or a 50% discount off the per share price of the next major funding event, whichever is the lower. In accordance with FRS 25 these loan notes have been classified as a financial liability due to the settlement being for a variable number of equity shares.

These loan notes were converted into equity subsequent to the year end (see note 19).

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

13 Share capital

	2014 £	2013 £
<i>Allotted, called up and fully paid</i>		
259,400 ordinary shares of £0.01 each	2,594	2,594

Share Options

Share options of 46,518 exist at year end and have been accounted for under FRS 20 as disclosed in note 16.

14 Reserves

	Share premium account £	Profit and loss account £
At 1 April 2013	8,039,313	(8,555,173)
Loss for the year	-	(424,887)
	<hr/>	<hr/>
At 31 March 2014	8,039,313	(8,980,060)
	<hr/>	<hr/>

15 Reconciliation of movements in shareholders' deficit

	2014 £	2013 £
Loss for the year	(424,887)	(202,407)
Share options issued in lieu of salary	-	117,000
Share-based payment	-	(172,241)
	<hr/>	<hr/>
Net deductions from shareholders' deficit	(424,887)	(257,648)
Opening shareholders' deficit	(513,266)	(255,618)
	<hr/>	<hr/>
Closing shareholders' deficit	(938,153)	(513,266)
	<hr/>	<hr/>

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (*continued*)

16 Share-based payments

The following options are within the scope of FRS 20 'Share-based payments'. All of these options are capable of being exercised once vested. Options over 29,894 shares (those granted to the Directors) must be exercised within a fixed period following the change of control of the company; the remaining options have no such restriction unless the Directors decide that one should exist. All options must be exercised at the latest within ten years of the date of grant.

In November 2004 the Company granted options over 3,956 ordinary shares of £0.01 at an exercise price of £27.27 per share.

In August 2005 the Company granted options over 2,970 ordinary shares of £0.01 at an exercise price of £27.27 per share.

In July 2006 Bruce Campbell was granted options over 2,210 ordinary shares of £0.01 at an exercise price of £62.47 per share.

In June 2007 Brenda Reynolds was granted options over 2,210 ordinary shares of £0.01 at an exercise price of £92.00 per share.

In July 2007 Jack Boyer was granted options over 1,819 ordinary shares of £0.01 at an exercise price of £27.27 per share.

In September 2007 the Company granted options over 2,210 ordinary shares of £0.01 at an exercise price of £92.00 per share.

In September 2007 the Company granted options over 450 ordinary shares of £0.01 at an exercise price of £30.00 per share.

In October 2007 the Company granted options to its employees over 13,462 ordinary shares of £0.01 at an exercise price of £30.00 per share. Of these 300 have lapsed.

In December 2007 the Company granted options over 2,412 ordinary shares of £0.01 at an exercise price of £30.00 per share.

In January 2008 William Rosenberg was granted options over 10,875 ordinary shares of £0.01 at an exercise price of £62.47 per share.

In June 2008 the Company granted options over 400 ordinary shares of £0.01 at an exercise price of £30.00 per share.

In October 2009 Brenda Reynolds and Bruce Campbell were each granted options over 100 ordinary shares of £0.01, and William Rosenberg was granted options over 750 ordinary shares of £0.01. All of the shares were at a price equivalent to that of the Convertible Note.

In November 2010 the Company granted options over 200 ordinary shares of £0.01 at an exercise price of £30.00 per share.

In July 2009 John Tite was granted options over 2,210 ordinary shares of £0.01 at an exercise price of £92.00 per share.

In October 2009 Jack Boyer was granted options over 484 ordinary shares of £0.01; 184 were at an exercise price of £27.27 and the price of the remainder will be the same as the price of the Convertible Note.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

16 Share-based payments (continued)

	2014	2014	2013	2013
	Weighted average exercise price(pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning and end of the year	47.87	46,518	47.87	46,518

The exercise price of options outstanding at the end of the year ranged between £10.00 and £92.00 (2013 - £10.00 and £92.00) and their weighted average contractual life was 3.3 years (2013 - 4.3 years).

Of the total number of options outstanding at the end of the year, 37,382 (2013 - 37,738) had vested and were exercisable at the end of the year.

No options were granted during the current or prior year.

The share-based remuneration expense (note 3) comprises:

	2014 £	2013 £
Equity-settled schemes	-	(172,241)

17 Commitments under operating leases

The company had commitments under operating leases as set out below:

	Other 2014 £	Other 2013 £
Operating leases which expire:		
Within one year	3,539	3,539

This commitment represents the amount payable under the one month notice that must be given to cancel the lease.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 (continued)

18 Related party disclosures

During the year ended 31 March 2014 the company were charged fees and expenses of £12,600 (2013: £12,250) for the provision of business consultancy services by IP Group Plc. At the balance sheet date the amount unpaid in respect of these costs was £Nil (2013: £3,675). IP Group Plc has an interest in the company.

During the year ended 31 March 2014 the Company incurred costs of £27,588 (2013: £9,713) with the University of Leeds and its associated companies in connection with research and development activities. At the balance sheet date the amount unpaid in respect of these costs was £14,671 (2013: £Nil). The University of Leeds has an interest in the Company.

19 Post balance sheet events

In August 2014 the company undertook a fundraising event to raise £1,200,000 through the issue of 600,000 shares of £2 each. As at the date of the audit report, £638,000 had been received with the remaining £562,000 expected in early 2015. As a result of this the company was required to convert loan notes of £1,279,476 into ordinary shares of £1 each under the conversion rights attached to the loan notes disclosed in note 12.

20 Reconciliation of operating loss to net cash outflow from operating activities

	2014 £	2013 £
Operating loss	(489,089)	(271,184)
Amortisation of intangible fixed assets	49,009	49,503
Depreciation of tangible fixed assets	2,237	1,685
Increase in debtors	(31,339)	(23,282)
Increase in creditors	173,457	444
FRS 20 charge for fair value of share option	-	(172,241)
Share options in lieu of salary	-	117,000
	<hr/>	<hr/>
Net cash outflow from operating activities	(295,725)	(298,075)
	<hr/>	<hr/>

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2014 *(continued)*

21 Reconciliation of net cash flow to movement in net debt

	2014 £	2013 £
Increase in cash	17,394	102,758
Cash outflow from changes in debt	(306,942)	(318,534)
	<u> </u>	<u> </u>
Movement in net debt	(289,548)	(215,776)
Opening net debt	(677,895)	(462,119)
	<u> </u>	<u> </u>
Closing net debt	<u>(967,443)</u>	<u>(677,895)</u>

22 Analysis of net debt

	At 1 April 2013 £	Cash flow £	At 31 March 2014 £
Cash at bank and in hand	294,639	17,394	312,033
Debt due after one year	(972,534)	(306,942)	(1,279,476)
	<u> </u>	<u> </u>	<u> </u>
Total	<u>(677,895)</u>	<u>(289,548)</u>	<u>(967,443)</u>