

CELLERON THERAPEUTICS LIMITED

**UNAUDITED FINANCIAL STATEMENTS
for the year ended 30 June 2023**

Registration number: 05162047



STATEMENT OF FINANCIAL POSITION
as at 30 June 2023

1

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	4	198,486	262,859
Property, plant and equipment	5	531	2,049
Investments in associated undertaking	6	100	100
		199,117	265,008
Current assets			
Trade and other receivables	7	150,292	200,979
Cash and cash equivalents		83,554	510,683
		233,846	711,662
Creditors: amounts falling due within one year			
Trade and other payables	8	(1,256,117)	(342,778)
Net current (liabilities)/assets		(1,022,271)	368,884
Total assets less current liabilities		(823,154)	633,892
Net (liabilities)/assets		(823,154)	633,892
Equity			
Capital and reserves attributable to owners of the company			
Called up share capital	9	1,885	1,885
Share premium account		12,051,519	12,051,519
Other reserves	10	883,401	846,129
Accumulated losses		(13,759,959)	(12,265,641)
Total shareholders' (deficit)/funds		(823,154)	633,892

The notes on pages 2 to 7 are an integral part of these financial statements.

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 30 June 2023 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476 of the Companies Act 2006.

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

The financial statements on pages 1 to 7 were approved by the Board of Directors on 18 September 2023 and signed on its behalf by:



N B La Thangue
Director

Celleron Therapeutics Limited
Registered number: 05162047
18 September 2023

1 General information

Celleron Therapeutics Limited is a private limited company and is incorporated and domiciled in the United Kingdom. The address of its registered office is Magdalen Centre, Robert Robinson Avenue, Oxford Science Park, Oxford OX4 4GA.

The principal activity of the Company is the research and development of new and innovative therapies to treat cancer.

These financial statements are presented in pounds sterling, which is the functional currency. Items within the financial statements are rounded to the nearest pound.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small accounting regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements of the Company have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

2.2 Changes in accounting policy and disclosures

There were no new or amended standards adopted by the Company during the financial year that have had a material impact on these financial statements.

2.3 Foreign currency translation

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

2.4 Revenue recognition

Revenue comprises the fair value of consideration received and receivable for the sale of goods and services provided to customers, net of discounts and value added taxes.

Amounts which meet the Company's revenue recognition policy which have not yet been invoiced are accounted for as accrued income whereas amounts invoiced which have not met the Company's revenue recognition criteria are deferred and are accounted for as deferred income until such time as the revenue can be recognised. Management makes an assessment of the certainty of any accrued revenue amounts in determining how much revenue to recognise.

2 Summary of significant accounting policies (continued)**2.5 Research and development**

Research and development expenditure is written off to the profit and loss account in the year in which it is incurred.

2.6 Employee benefits

The company provides a range of benefits to employees, including bonus arrangements, paid holiday arrangements and defined contribution pension plans. Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received. Bonuses are recognised as an expense when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

The company operates defined contribution plans for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.7 Share based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

2.8 Intangible assets

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation on the assets is calculated using the straight-line method over their estimated useful lives as follows:

	<u>Estimated useful economic life</u>
Intellectual property rights	9 years

No intangible assets are considered to have an infinite useful economic life.

2.9 Property, plant and equipment

Property, plant and equipment are stated at their purchase cost, together with any incidental costs of acquisition less accumulated depreciation and, where appropriate, provision for impairment. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Incidental costs of acquisition include expenditure directly attributable to the acquisition of the items.

Depreciation is calculated so as to write off the cost of property, plant and equipment, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal annual rates used for this purpose are:

	<u>Estimated useful lives</u>
Computer equipment	3 - 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses or other operating income, in the profit and loss account.

2 Summary of significant accounting policies (continued)**2.10 Recoverable amount of non-current assets**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Investments in associated undertakings

Investments in associated undertakings are held at cost less provision for any accumulated impairment losses. Impairment reviews are performed by the Directors when an indication of potential impairment has been identified. Sales from the Company to associated undertakings are recognised in full as other income.

2.12 Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial liabilities

Basic financial liabilities, including trade and other payables are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Trade payables are recognised initially at fair value and subsequently held at amortised cost measured using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Financial assets

Basic financial assets, which include trade and other debtors, and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Any impairment loss is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 30 June 2023

2 Summary of significant accounting policies (continued)

2.12 Financial Instruments (continued)

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

2.13 Equity instruments

Equity instruments issued by the Company are recorded at the fair value of proceeds received, net of transaction costs.

2.14 Trade receivables

Trade receivables are initially recognised at fair value and subsequently held at amortised cost using the effective interest rate method. Trade receivables with standard payment terms of 30 days are recognised and carried at the lower of their original invoiced or recoverable amount. Where the time value of money is material, receivables are carried at amortised cost.

Provision is made when there is objective evidence that the Company will not be able to recover balances in full, the amount of the provision being the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Balances are written off when the probability of recovery is assessed as being remote.

2.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.16 Current and deferred income tax

Current tax, including UK corporation tax and overseas tax, is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is not provided on the initial recognition of an asset or liability in a transaction, other than a business combination, if at the time of the transaction there is no effect on either accounting or taxable profit or loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset or liability is released or settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Company intends to settle current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in the profit and loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease. The Company does not hold any assets under finance leases.

3 Employees

	2023	2022
Monthly average number of employees (including directors)	Number	Number
Management and administration	4	4
Sales and technical	2	2
Non-executive directors	2	3
	8	9

4 Intangible assets

	Intellectual property rights £	Total £
Cost		
As at 1 July 2022 and at 30 June 2023	581,768	581,768
Accumulated amortisation		
As at 1 July 2022	318,909	318,909
Charge	64,373	64,373
As at 30 June 2023	383,282	383,282
Net book amount		
As at 30 June 2023	198,486	198,486
As at 30 June 2022	262,859	262,859

5 Property, plant and equipment

	Computer equipment £	Total £
Cost		
As at 1 July 2022 and at 30 June 2023	7,330	7,330
Accumulated depreciation		
As at 1 July 2022	5,281	5,281
Charge	1,518	1,518
As at 30 June 2023	6,799	6,799
Net book value		
As at 30 June 2023	531	531
As at 30 June 2022	2,049	2,049

6 Investment in associated undertaking

	£
Cost	
As at 1 July 2022 and at 30 June 2023	100

At 30 June 2023, the Company had a 5% (2022: 39.4%) interest in the share capital of SynOx Therapeutics Limited, a company registered in Ireland. The carrying amount of the investment comprises the cost of the investment.

7 Trade and other receivables

	2023 £	2022 £
Corporation tax asset	143,459	181,410
Other taxes and social security	6,720	5,228
Other debtors	-	2,141
Prepayments and accrued income	113	12,200
Total trade and other receivables due within one year	150,292	200,979

8 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	48,514	100,869
Loan notes owed to parent undertaking	275,000	-
Amounts owed to group undertakings	322,996	-
Other taxes and social security	72,469	26,535
Other creditors	5,452	3,938
Accruals and deferred income	531,686	211,436
	1,256,117	342,778

During the year, the Company issued convertible loan notes, which were subsequently transferred to the parent undertaking. These loan notes incurred interest at 6%.

Amounts owed to group undertakings bear interest at 6% and are repayable on demand.

9 Called up share capital

	2023 £	2022 £
Allotted, called up and fully paid		
1,288,703 Ordinary shares of 0.1p each (2022: 1,288,703 Ordinary shares of 0.1p)	1,885	1,289
595,883 Preferred shares of 0.1p (2022: 595,883 Preferred shares of 0.1p)	-	596
	1,885	1,885

On 22 December 2022, the Company issued 595,883 new Ordinary shares of 0.1p each as a one-for-one exchange of the 595,883 existing Preferred shares of 0.1p each.

10 Other reserves

Other reserves represent capital contributions and charge in respect of share based payments.

11 Share based payments

The Company operates equity-settled share-based payment plans. A summary of the main terms of the arrangements is given below, with particular reference made to the terms of those grants for which the share-based payment expense has been recognised.

On 1 June 2018, 7 January 2019, 29 May 2019 and 30 April 2021, the Company made awards to certain directors and employees under its share based payment scheme.

On 2 February 2023, the remaining 215,000 Celleron options were cancelled and new options were issued, with the same terms, by the Company's parent undertaking.

Assumptions used in the valuation of share-based payment arrangements

The fair value of the LTIP was determined using a Black-Scholes model. The performance condition related to the LTIP takes into account factors specific to the share incentive plans, such as the vesting period. The share price performance condition related to the scheme, being a market condition, has been incorporated into the measurement by means of binomial modelling.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2023	2023	2022	2022
	Number of	Weighted	Number of	Weighted
	options	average	options	average
	Number	exercise price	Number	exercise price
		£		£
As at 1 July	315,776	3.56	315,776	3.56
Granted	(215,000)	(1.05)	-	-
Lapsed	(100,776)	(8.94)	-	-
As at 30 June	-	-	315,776	3.56

Options outstanding at 30 June 2022 had a range of exercise prices of £0.001 to £11.18.

The total share based payments charge for the year was £37,272 (2022: £39,665).

12 Ultimate parent company and controlling party

The Company is a wholly owned subsidiary of Ingenox Therapeutics Limited, a company registered in England and Wales the financial statements of which can be obtained from the Registered Office, Magdalen Centre, Robert Robinson Avenue, Oxford Science Park, Oxford OX4 4GA. Ingenox Therapeutics Limited and its subsidiary undertakings (the "Group") qualify as small under s383 of the Companies Act 2006 and so the group is considered eligible for the exemption as determined by reference to sections 384 and 399(2A) of the Companies Act 2006 to not prepare and file consolidated financial statements.