

R5 PHARMACEUTICALS LIMITED
ABBREVIATED ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2006

Company Registration Number 05661235



Tenon Limited
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

R5 PHARMACEUTICALS LIMITED

ABBREVIATED ACCOUNTS

PERIOD FROM 22 DECEMBER 2005 TO 31 DECEMBER 2006

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R5 PHARMACEUTICALS LIMITED
INDEPENDENT AUDITOR'S REPORT TO R5 PHARMACEUTICALS
LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 2 to 5, together with the financial statements of R5 Pharmaceuticals Limited for the period from 22 December 2005 to 31 December 2006 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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 for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and the auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.

Tenon Audit Limited

Tenon Audit Limited
Registered Auditor
Charnwood House
Gregory Boulevard
Nottingham
NG7 6NX

Date -

29 August 2007

R5 PHARMACEUTICALS LIMITED**ABBREVIATED BALANCE SHEET****31 DECEMBER 2006**

	Note	£	31 Dec 06 £
Fixed assets	2		
Tangible assets			116,784
Current assets			
Debtors		20,798	
Cash at bank and in hand		348,972	
		<u>369,770</u>	
Creditors: Amounts falling due within one year		<u>(41,985)</u>	
Net current assets			327,785
Total assets less current liabilities			<u>444,569</u>
Creditors. Amounts falling due after more than one year			(345,258)
			<u>99,311</u>
Capital and reserves			
Called-up share capital	4		1,706
Share premium account			154,730
Profit and loss account			(57,125)
Shareholders' funds			<u>99,311</u>

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors and authorised for issue on 20 August 2007, and are signed on their behalf by

Mr P Titley
Director



The notes on pages 3 to 5 form part of these abbreviated accounts

R5 PHARMACEUTICALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
PERIOD FROM 22 DECEMBER 2005 TO 31 DECEMBER 2006

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

Cash flow statement

The company has adopted the Financial Reporting Standard for Smaller Entities (2005) and is consequently exempt from the requirement to include a cash flow statement in the financial statements

Turnover

In respect of contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. The value of work done in respect of contracts for on-going services is determined by reference to the stage of completion. All turnover arises in respect of sales within the United Kingdom.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Plant & Machinery	- 5 to 10 years
Equipment	- 5 years

The cost of a fixed asset includes direct costs incurred.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Foreign currency transactions

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

Exchange differences are taken into account in arriving at operating profit.

R5 PHARMACEUTICALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
PERIOD FROM 22 DECEMBER 2005 TO 31 DECEMBER 2006

2. Fixed assets

	Tangible Assets £
Cost	
Additions	118,778
At 31 December 2006	<u>118,778</u>
Depreciation	
Charge for period	1,994
At 31 December 2006	<u>1,994</u>
Net book value	
At 31 December 2006	<u>116,784</u>

3. Related party transactions

The company leases premises from Biocity Nottingham Limited (Biocity), a shareholder. Rent charged in the period was £21,000. At the period end, £8,968 was owed to Biocity.

Dr I R Wilding, a director and shareholder, supplied consultancy services to the company in the period. The charge for these services was £1,500, and the balance was outstanding at the end of the period.

The company has also been loaned money by the following related parties

- Dr I R Wilding was owed £60,632 at the balance sheet date
- Mr R Eady, a shareholder, was owed £3,576 at the balance sheet date
- East Midlands Regional Venture Capital Fund No. 1 Limited Partnership, a shareholder, was owed £150,000 at the balance sheet date

R5 PHARMACEUTICALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
PERIOD FROM 22 DECEMBER 2005 TO 31 DECEMBER 2006

4 Share capital

Authorised share capital:

	31 Dec 06
	£
1,889 Ordinary shares of £1 each	1,889
1,111 'A' ordinary shares of £1 each	1,111
	<u>3,000</u>

Allotted and called up:

	No	£
Ordinary shares of £1 each	1,706	1,706
'A' ordinary shares of £1 each	1,111	1,111
	<u>2,817</u>	<u>2,817</u>

The company was incorporated on 22 December 2005 with authorised share capital of 1,000 £1 ordinary shares

100 shares were issued following incorporation for cash consideration of £2,500, and a further 600 were issued on 17 August 2006 for cash consideration of £15,000. On 23 November 2006, 190 shares were issued for total cash consideration of £10,593

Authorised share capital was increased by the creation of a further 1,107 £1 ordinary shares on 15 December 2006, together with 893 £1 'A' ordinary shares. On the same day

- 216 ordinary shares were issued for cash consideration of £32,996
- 808 ordinary shares were issued in return for plant and machinery with a value of £117,968
- 218 ordinary shares were converted into 'A' ordinary shares
- 893 'A' ordinary shares were issued for cash consideration of £130,368

Holders of the 'A' ordinary shares receive minimum dividends at a fixed percentage of the net profits of the company. They also share in any residual amounts on the winding-up of the company. Further details of the rights conferred are given in the Articles of Association of the company.

Under the terms of FRS 25 'Financial Instruments: Disclosure and Presentation', the 'A' ordinary shares are considered to be compound instruments, although the debt component accounts for all of their book value. Accordingly, £1,111, being the nominal amount of the 'A' ordinary shares, and the premium of £138,951 arising on their issue have been classified as a liability.

5. Controlling Party

The directors do not consider the company to have a single controlling party.