

R5 PHARMACEUTICALS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2008

Company Registration Number 05661235



Tenon Limited
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

R5 PHARMACEUTICALS LIMITED
ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

CONTENTS	PAGES
Independent auditor's report to the company	1
Abbreviated balance sheet	2
Notes to the abbreviated accounts	3 to 7

Tenon audit

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 7, together with the financial statements of R5 Pharmaceuticals Limited for the year ended 31 December 2008 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 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. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

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
Registered Auditor
The Poynt
45 Wollaton Street
Nottingham
NG1 5FW

13 March 2009

R5 PHARMACEUTICALS LIMITED

ABBREVIATED BALANCE SHEET

31 DECEMBER 2008

	Note	2008 £	£	2007 £	£
Fixed assets	2				
Intangible assets			278,256		-
Tangible assets			236,608		457,988
			<u>514,864</u>		<u>457,988</u>
Current assets					
Debtors		551,778		331,984	
Cash at bank and in hand		154,606		43,025	
			<u>706,384</u>		<u>375,009</u>
Creditors: amounts falling due within one year		(650,749)		(423,164)	
Net current assets/(liabilities)			55,635		(48,155)
Total assets less current liabilities			<u>570,499</u>		<u>409,833</u>
Creditors: amounts falling due after more than one year			(545,642)		(582,827)
			<u>24,857</u>		<u>(172,994)</u>
Capital and reserves					
Called-up share capital	4		2,131		1,750
Share premium account			216,355		161,110
Profit and loss account			(193,629)		(335,854)
Shareholders' funds			<u>24,857</u>		<u>(172,994)</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 4 March 2009, and are signed on their behalf by:

Mr P Titley
Director



The notes on pages 3 to 7 form part of these abbreviated accounts.

R5 PHARMACEUTICALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

1. Accounting policies *(continued)*

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year. The assets of the scheme are held separately from those of the company in an independently administered fund.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets in respect of losses are only recognised to the extent that profits are considered reasonably certain to arise in the foreseeable future.

Foreign currencies

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

Non-monetary assets and liabilities and 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 the operating profit.

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.

Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

R5 PHARMACEUTICALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

2. Fixed assets

	Intangible Assets £	Tangible Assets £	Total £
Cost			
At 1 January 2008	—	525,700	525,700
Additions	—	167,540	167,540
Disposals	—	(14,592)	(14,592)
Transfer to intangible fixed assets	298,131	(298,131)	—
At 31 December 2008	<u>298,131</u>	<u>380,517</u>	<u>678,648</u>
Depreciation			
At 1 January 2008	—	67,712	67,712
Charge for year	19,875	76,197	96,072
At 31 December 2008	<u>19,875</u>	<u>143,909</u>	<u>163,784</u>
Net book value			
At 31 December 2008	<u>278,256</u>	<u>236,608</u>	<u>514,864</u>
At 31 December 2007	<u>—</u>	<u>457,988</u>	<u>457,988</u>

R5 PHARMACEUTICALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

3. Related party transactions

I Wilding, a director and shareholder, is also a director and shareholder of Zysis Limited and Modern Biosciences Limited. During the year the company traded with both of these companies on a normal commercial basis. Services worth £125,624 (2007: £43,095) were sold to Zysis Limited during the year, and at 31 December 2008 the company was owed £53,975 (2007: £12,690). Services worth £43,953 (2007: £85,599) were sold to Modern Biosciences Limited during the year, and at the year end £nil (2007: £24,528) was owed to the company.

The company leases premises from Biocity Nottingham Limited (Biocity), a shareholder. Rent and service charges invoiced in the period were £294,693 (2007: £158,500). Other services were purchased for £23,465 (2007: £14,715). At the year end £53,568 (2007: £57,554) was owed to Biocity.

The company has been loaned money by other shareholders with amounts owed at the year end of:

	2008 £	2007 £
East Midlands Regional Venture Capital Fund	145,800	167,958
R Eady	3,576	4,744
C Ampofo	3,576	4,744
Biocity Nottingham Limited	—	24,236
J Seagrief	5,294	—
	<u>158,246</u>	<u>201,682</u>

Directors of the company have also made loans to the company. The amounts owed at the year end were:

	2008 £	2007 £
I Wilding	58,914	71,874
P Tittley	—	8,322
J Waterhouse	—	4,526
D Jordan	—	4,526
G Crocker	—	1,898
	<u>58,914</u>	<u>91,146</u>

4. Share capital

Authorised share capital:

	2008 £	2007 £
2,256 Ordinary shares of £1 each	2,256	1,889
1,311 'A' ordinary shares of £1 each	1,311	1,111
	<u>3,567</u>	<u>3,000</u>

R5 PHARMACEUTICALS LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
YEAR ENDED 31 DECEMBER 2008

4. Share capital (continued)

Allotted and called up:

	2008		2007	
	No	£	No	£
Ordinary shares of £1 each	2,131	2,131	1,750	1,750
'A' ordinary shares of £1 each	1,311	1,311	1,111	1,111
	<u>3,442</u>	<u>3,442</u>	<u>2,861</u>	<u>2,861</u>

On 12 May 2008, 67 ordinary shares were issued for a total cash consideration of £9,782 at a premium of £145 per share.

The convertible loans in place at 31 December 2007 converted on 17 February 2008. This resulted in the issue of 200 'A' ordinary shares at a premium of £145 per share and the issue of 314 ordinary shares at the same premium.

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: Presentation and Disclosure', the 'A' ordinary shares are considered to be compound instruments, although the debt component accounts for all of their book value. They are therefore shown within creditors.

5. Controlling Party

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