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

Company Registration Number 05661235



17/03/2009 COMPANIES HOUSE

Tenon Limited
The Poynt
45 Wollaton Street Nottingham NG1 5FW

R5 PHARMACEUTICALS LIMITED ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2008

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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

Tem Andit hinted

13 March 2009

R5 PHARMACEUTICALS LIMITED ABBREVIATED BALANCE SHEET

31 DECEMBER 2008

		2008	3	2007	•
	Note	£	£	£	£
Fixed assets	2				
Intangible assets			278,256		-
Tangible assets			236,608		457,988
			514,864		457,988
Current assets					
Debtors		551,778		331,984	
Cash at bank and in hand		154,606		43,025	
		706,384		375,009	
Creditors: amounts falling due with one year	nin	(650,749)		(423, 164)	
Net current assets/(liabilities)			55,635		(48,155)
Total assets less current liabilities			570,499		409,833
Creditors: amounts falling due afte	r		(EAE GAD)		/E02 027\
more than one year			(545,642)		(582,827)
			24,857		(172,994)
		1			
Capital and reserves	4		2.424		4 750
Called-up share capital Share premium account	4		2,131 216,355		1,750 161,110
Profit and loss account			(193,629)		(335,854)
Shareholders' funds			24,857		(172,994)

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.

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2008

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 2007).

Cash flow statement

The company has adopted the Financial Reporting Standard For Smaller Entities (2007) and is consequently exempt from the requirement to include a cash flow statement in the financial statements.

Turnover

In respect of long-term contract and contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Value of work done in respect of long-term contract and contract for on-going services is determined by reference to the stage of completion.

Intangible fixed assets and amortisation

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

Licence costs

10 years

The cost of intangible fixed assets include their purchase price and the costs of bringing the assets into use.

Tangible fixed assets and 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

Fixtures & Fittings

5 years

Equipment

5 years

The cost of tangible fixed assets include their purchase price and the costs of bringing the assets into use.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is capitalised in the balance sheet as a tangible fixed asset at its fair value and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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.

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2008

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.

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	298,131	380,517	678,648
Depreciation			
At 1 January 2008	-	67,712	67,712
Charge for year	19,875	76,197	96,072
At 31 December 2008	19,875	143,909	163,784
Net book value			
At 31 December 2008	278,256	236,608	514,864
At 31 December 2007		457,988	457,988

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 Éady	3,576	4,744	
C Ampofo	3,576	4,744	
Biocity Nottingham Limited	· -	24,236	
J Seagrief	5,294	_	
	158,246	201,682	

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 Titley	_	8,322	
J Waterhouse	_	4,526	
D Jordan	_	4,526	
G Crocker	_	1,898	
	58,914	91,146	

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
	3,567	3,000

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2008

4. Share capital (continued)

Allotted and called up:

2008		2007	
No	£	No	£
2,131	2,131	1,750	1,750
1,311	1,311	1,111	1,111
3,442	3,442	2,861	2,861
	No 2,131 1,311	No £ 2,131 2,131 1,311 1,311	No £ No 2,131 2,131 1,750 1,311 1,311 1,111

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.