

Evgen Limited

Report and Financial Statements

For the year ended 31 March 2015

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EVGEN LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

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EVGEN LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Dr S J Franklin
B Clare
NWF4B Directors Limited
Dr S E Foden
D Howat
Dr M A Wyatt

REGISTERED OFFICE AND BUSINESS ADDRESS

Liverpool Science Park Innovation Centre 2 146 Brownlow Hill Liverpool Merseyside
L3 5RF

BANKERS

Barclays Bank

EVGEN LIMITED

REPORT AND FINANCIAL STATEMENTS 2015

The directors present their annual report and the audited financial statements for the year ended 31 March 2015.

The directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

PRINCIPAL ACTIVITY

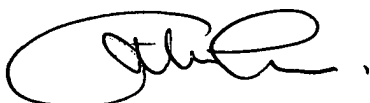
The principal activity of the company in the year was that of development of pharmaceutical products.

DIRECTORS

The directors who served throughout the year are shown below:

Dr SJ Franklin
B Clare
NWF4B Directors Limited
Dr SE Foden
D Howat
Dr MA Wyatt

Approved by the Board of Directors on 26 June 2015
and signed on behalf of the Board



Dr S J Franklin
Director

EVGEN LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 March 2015**

	Note	2015 £	2014 £ As restated
Administrative expenses		(1,201,344)	(953,768)
Other operating income	2	-	83,407
OPERATING LOSS	3	(1,201,344)	(870,361)
Interest payable and similar charges		(145,657)	(45,833)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,347,001)	(916,194)
Tax on loss on ordinary activities	5	103,284	108,219
LOSS FOR THE FINANCIAL YEAR	13	(1,243,717)	(807,975)

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and loss account.

EVGEN LIMITED

BALANCE SHEET

31 March 2015

	Note	2015 £	2014 £ As restated
FIXED ASSETS			
Intangible assets	6	44,779	51,151
Tangible assets	7	1,262	367
		<u>46,041</u>	<u>51,518</u>
CURRENT ASSETS			
Debtors	8	76,863	57,473
Cash at bank and in hand		212,671	314,325
		<u>289,534</u>	<u>371,798</u>
CREDITORS: amounts falling due within one year	9	(478,171)	(26,924)
NET CURRENT (LIABILITIES) / ASSETS		<u>(188,637)</u>	<u>344,874</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(142,596)</u>	<u>396,392</u>
CREDITORS: amounts falling due after more than one year	10	(1,750,000)	(1,045,271)
NET LIABILITIES		<u>(1,892,596)</u>	<u>(648,879)</u>
CAPITAL AND RESERVES			
Called up share capital	12	36,462	36,462
Share premium account	13	2,103,667	2,103,667
Profit and loss account	13	(4,032,725)	(2,789,008)
SHAREHOLDERS' DEFICIT		<u>(1,892,596)</u>	<u>(648,879)</u>

The company is entitled to exemption from audit under section 477 of the Companies Act 2006 for the year ended 31 March 2015.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 March 2015 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- ensuring the company keeps accounting records which comply with sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements of Evgen Limited, registered number 06403643, were approved by the Board of Directors and authorised for issue on 26 June 2015.

Signed on behalf of the Board of Directors



Dr SJ Franklin

Director

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on a going concern basis which is dependent upon the financial support of the shareholders who have not indicated that this financial support will not be maintained in the foreseeable future. The directors are unaware of any material uncertainties in making their assessment of going concern

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

Research and development

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred.

Share based payments

The company has issued share options to directors and employees. These financial statements have been prepared in accordance with Financial Reporting Standard for Smaller Entities which does not require equity settled share based payments to be recognised as an expense.

Licences

Licences are included in the financial statements at cost and are being written off on a straight line basis over their average remaining useful life of 10 years.

Deferred Taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures and fittings	-	25% reducing balance
Computer equipment	-	33.33% straight line

EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

2. OTHER OPERATING INCOME

	2015 £	2014 £
Grant income	-	83,407

3. OPERATING LOSS

	2015 £	2014 £
Operating loss is after charging:		
Depreciation of tangible assets – Owned	372	1,030
Patents and licences amortisation	6,372	6,372

4. DIRECTORS' REMUNERATION

	2015 £	2014 £
Remuneration and other benefits	107,420	192,500
Pension costs	-	-
	<u>107,420</u>	<u>192,500</u>
	No.	No.
Number of directors to whom retirement benefits are accruing	-	-

5. TAXATION ON LOSS ON ORDINARY ACTIVITIES

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2015 nor for the year ended 31 March 2014.

The Research and Development tax credit claim for the year amounts to £31,186 (2014 - £103,284) and will be recognised subsequently in the financial statements when received.

	2015 £	2014 £
R&D tax credit	<u>103,284</u>	<u>108,219</u>

Factors that may affect future tax charges

The company takes advantage of the enhanced tax deductions for Research and Development expenditure and expects to continue to be able to do so, the tax credit recognised relates to a claim for the prior year.

There are significant losses available to carry forward.

EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

6. INTANGIBLE FIXED ASSETS

	Patents and Licences £ As restated
Cost	
At 31 March 2014	63,721
Additions	-
	<hr/>
At 31 March 2015	63,721
	<hr/>
Amortisation	
At 31 March 2014	12,570
Charge in year	6,372
	<hr/>
At 31 March 2015	18,942
	<hr/>
Net book value	
At 31 March 2015	44,779
	<hr/> <hr/>
At 31 March 2014	51,151
	<hr/> <hr/>

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 31 March 2014	579	2,874	3,453
Additions	-	1,267	1,267
	<hr/>	<hr/>	<hr/>
At 31 March 2015	579	4,141	4,720
	<hr/>	<hr/>	<hr/>
Depreciation			
At 31 March 2014	335	2,751	3,086
Charge in period	81	291	372
	<hr/>	<hr/>	<hr/>
At 31 March 2015	416	3,042	3,458
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 2015	163	1,099	1,262
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 March 2014	244	123	367
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

8. DEBTORS

	2015 £	2014 £
Trade debtors	5,897	8,189
Vat recoverable	54,272	30,555
Prepayments	1,413	18,729
Other debtors	15,281	-
	<hr/>	<hr/>
	76,863	57,473
	<hr/> <hr/>	<hr/> <hr/>

EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

All debtors are due within one year.

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2015 £	2014 £
Trade creditors	133,296	16,849
Tax and social security	4,097	4,175
Accruals and deferred income	340,778	5,900
	<u>478,171</u>	<u>26,924</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2015 £	2014 £
Loan notes	1,750,000	1,000,000
Accrued expenses	-	45,271
	<u>1,750,000</u>	<u>1,045,271</u>

The loan notes represent unsecured loan notes issued by the company in October 2013 and November 2014 and rank pari passu as unsecured liabilities of the company. The rate of interest on the loan notes is at the rate of 11% per annum. The loan notes do not have a fixed repayment date and are convertible into shares at the option of the loan note holder.

11. OPERATING LEASE COMMITMENTS

The following operating lease payments are committed to be paid within one year:

	2015 £	2014 £
Expiring:		
Within one year	3,288	3,288
	<u>3,288</u>	<u>3,288</u>

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal Value:	2015 £	2014 £
12,596	Ordinary	£1	12,596	12,596
18,849	Ordinary A	£1	18,849	18,849
5,017	Ordinary B	£1	5,017	5,017
			<u>36,462</u>	<u>36,462</u>

Share issue costs amounting to nil (2013- £5,719) have been set off against the share premium account.

EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

13. STATEMENT OF MOVEMENT ON RESERVES

	Share premium account £	Profit and loss account £	Total £
At 31 March 2014 as previously stated	2,103,667	(2,642,062)	(538,395)
Prior year adjustment	-	(146,946)	(146,946)
At 31 March 2014 as restated	2,103,667	(2,789,008)	(685,341)
Loss for the year	-	(1,243,717)	(1,243,717)
At 31 March 2015	<u>2,103,667</u>	<u>(4,032,725)</u>	<u>(1,929,058)</u>

14. RELATED PARTY TRANSACTIONS

During the year, the company paid consultancy fees on an arm's length basis to the directors B Clare and S Foden, amounting to £13,500 (2014 - £13,500) and £9,000 (2014 - £9,000) respectively.

15. ULTIMATE CONTROLLING PARTY

On 5 December 2014 Evgen Pharma Limited acquired the entire share capital of Evgen Limited in a share for share exchange. Evgen Pharma Limited is the ultimate controlling party.

16. SHARE-BASED PAYMENTS AND SHARE OPTIONS

On 24 July 2008, the company granted options enabling the option holders to acquire 100 ordinary shares in the company at an exercise price of £58.37 per share, exercisable at any time after 30 September 2010.

The options shall lapse on the date falling 10 years from the date of issue.

On 18 August 2010 and 11 January 2011, all directors and staff employed by the company on those dates were granted share options. The total number of options granted on both dates was 2,613.

The options may be exercised upon the occurrence of any of the following events:

- There occurs a change of control
- At any time, a person becomes entitled or bound to acquire shares in the company.
- The Company's shareholders are notified of a resolution for the voluntary winding up of the Company.

Subject to the relevant Option Share vesting, the options may be exercised at a price of between £7.00 and £7.11 per share.

The Options shall lapse on the date falling 10 years from the date of issue.

On 25 November 2011 all directors and staff employed by the company on that date were granted share options to acquire 2,904 shares at an exercise price of £40 per share exercisable at any time after the earliest of the following:

- An unconditional offer is made to acquire control of the Company which is accepted by the shareholders.
- The share capital of the Company is admitted for listing on a recognised stock exchange or
- The Company passes or is about to pass a resolution for voluntary winding up.

The Options shall lapse on the date falling 10 years from the date of issue.

EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2015

On 1 May 2012 options were granted over 340 shares in the company at an exercise price of £40 per share exercisable at any time after the earliest of the following:

- (a) An unconditional offer is made to acquire control of the Company which is accepted by the shareholders.
- (b) The share capital of the Company is admitted for listing on a recognised stock exchange or
- (c) The Company passes or is about to pass a resolution for voluntary winding up.

The Options shall lapse on the date falling 10 years from the date of issue.

On 14 August 2013, the company granted an option enabling the option holder to acquire 75 ordinary shares in the company at an exercise price of £84.92 per share. Options may be exercised in respect of 25 options from the date of the grant.

Options may be exercised in respect of the remaining 50 options in accordance with the following calculation, which shall be rounded up to the nearest whole number of shares:

$X / 24 \times 50$ where X is the number of months (rounded up to the nearest month) since the date of the grant.

The Options shall lapse on the date falling 10 years from the date of issue.

On 14 August 2013, further options were granted over 281 ordinary shares in the company at an exercise price of £84.92 per share, exercisable at any time after 14 August 2013.

The Options shall lapse on the date falling 10 years from the date of issue.

On 23 December 2013, further options were granted over 2,426 ordinary shares in the company. Subject to the relevant options vesting, the options may be exercised at a price of £21.23 per share.

The Options shall lapse on the date falling 10 years from the date of issue.

During the year ended 2014 no options lapsed or were exercised. On 21 November 2014 1,105 of the options granted on 10 August 2010 and 166 of the options granted on 11 January 2011 were surrendered. On 21 November 2014 1,105 options were granted on the same terms as those previously granted on 10 August 2010 except that the options can be exercised on the admission of the share capital of the company for listing on a recognised stock exchange or AIM. On 21 November 2014 166 options were granted on the same terms as those previously granted on 11 January 2011 except that the options can be exercised at any time.

17. PRIOR YEAR ADJUSTMENT

In previous years the Company has capitalised patent costs as intangible assets. The Company has assessed this policy and has determined that, given the stage of development of the associated technology, it is more appropriate that these costs are expensed as incurred. In the year ended 31 March 2014 the company capitalised a total of £26,756 of patent costs in addition to a total of £145,849 that had been capitalised in previous years. In the year ended 31 March 2014 amortisation related to these capitalised costs totalled £5,444 in addition to a total of £20,215 that had been charged in previous years. Licences continue to be capitalised and are amortised over a 10 year period on a straight line basis.

The change in accounting policy has been recorded as a prior year adjustment.