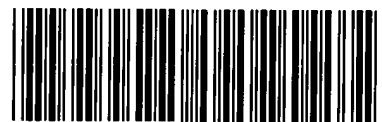


Company Registration Number 06403643

EVGEN LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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COMPANIES HOUSE

EVGEN LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 MARCH 2020

The board of directors	Stephen Franklin (resigned on 30 April 2020) Barry Clare Richard Moulson
Registered office	Liverpool Science Park Innovation Centre 2, 146 Brownlow Hill, Liverpool, Merseyside, L3 5RF
Auditor	RSM UK Audit LLP Statutory Auditor Chartered Accountants 14th Floor 20 Chapel Street Liverpool L3 9AG
Legal advisers	Pinsent Masons LLP 30 Crown Place London EC2A 4ES

EVGEN LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements of the company for the year ended 31 March 2020.

Principal activities

The principal activities of the Company during the year were that of a clinical stage biotechnology company.

Evgen's ambition is to be the world leader in sulforaphane and sulforaphane-like compounds, establishing a leading position in pharmaceuticals based upon sulforaphane and related analogues. The strategy to achieve this objective is :

1. Ensure the continued development of the breast cancer programme. We will design and cost a clinical trial protocol and then seek non-dilutive funding for Evgen and/or an affiliated clinical institution to sponsor the trial.
2. In parallel we aim to leverage the extensive pre-clinical and clinical data that shows the potential for SFX-01, as a sulforaphane delivery platform, to be used in diseases that are beyond our capacity to pursue.
3. In addition, we will pursue opportunities to apply our intellectual property on stabilised sulforaphane to non-pharmaceutical opportunities which offer a more rapid route to market.

We will therefore support a number of proposed Investigator-Initiated Trials – these are trials led by a clinician from a well-renowned institution, with that institution being the sponsor for the trial. Evgen will provide support as required (in the confines of an investigator sponsored study), sharing our knowledge, experience and the methods and laboratories used for pharmacodynamic and pharmacokinetic endpoints. All such trials are subject to grant funding being procured and Evgen will supply clinical centres with SFX-01 and, where appropriate, a placebo.

In relation to the COVID-19 epidemic, all personnel have been working entirely remotely since the UK was put into lockdown. Previously, some remote working was routine and hence this change should not affect our operations significantly. Evgen operates a virtual business model, outsourcing most R&D and all manufacturing activities. To date, there have been minor delays to our pre-clinical and manufacturing outsourcers and with no on-going clinical trials we are not affected by the focus of trial sites on COVID-19.

Business Review

We have now completed two Phase II trials on SFX-01, in different conditions and with quite separate mechanistic hypotheses. Our selections of metastatic breast cancer ("mBC") and Subarachnoid Haemorrhage ("SAH") were based on strong preclinical data sets. The mBC clinical result was positive, demonstrating the stabilisation of previously progressive disease in 24% of patients and objective responses in some others. We were surprised that the SAH trial did not similarly follow the preclinical data, albeit this is a particularly challenging indication in which to test our drug. However, the scientific evidence for sulforaphane and SFX-01 as a potent Nrf2 activator is compelling, and the clinical belief in Nrf2 activation as a therapeutic strategy is affirmed by the endorsement of our clinical investigator partners, who wish to test SFX-01 in various diseases where Nrf2 activation is important.

In a different mode of action in breast cancer models, SFX01 has been shown to down regulate STAT3, a therapeutic target of increasing interest in a number of tumour types.

We therefore remain committed to the on-going clinical development of SFX-01 both in breast cancer, and in pursuing the potential for SFX01 in clinical trials in a range of diseases where there is evidence supporting potential clinical benefit with Nrf2 up-regulation.

EVGEN LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 MARCH 2020

To this end we are expanding our programme of UK and international collaborations, working with highly-regarded clinical investigators who wish to test SFX-01 clinically in diseases they are researching.

Results and dividends

The loss for the year, after taxation, amounted to £1,589,000 (2019: £1,340,000). The directors have not recommended a dividend.

Directors

The directors who served the company during the year were as follows:

Stephen Franklin (resigned on 30 April 2020)
Barry Clare
Richard Moulson

Auditor

RSM UK Audit LLP have expressed their willingness to continue in office as auditors for the year. A resolution to reappoint them will be presented at the forthcoming AGM.

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

Signed on behalf of the directors

Richard Moulson



Director

Registered office:

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

Approved by the directors on 12 June 2020

EVGEN LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 MARCH 2020

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

EVGEN LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EVGEN LIMITED

Opinion

We have audited the financial statements of Evgen Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of total comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 1 in the financial statements concerning the company's ability to continue as a going concern. The company is reliant on the continued financial support of its parent company Evgen Pharma plc. The going concern status of the group is dependent upon the management of the timing of settlement of its liabilities and the raising of further funds in the short to medium term. Forecasts prepared by management indicate that if they are unable to manage the group's liabilities or the external fund raising does not occur in the short to medium term they would have a requirement to seek alternative sources of funding. As stated in note 1, these events or conditions, along with other matters set forth in note 1, indicate that a material uncertainty exists which may cast doubt on the group's and therefore the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material

misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Graham Bond FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

14th Floor

20 Chapel Street

Liverpool

L3 9AG

Date 12 June 2020

EVGEN LIMITED
STATEMENT OF TOTAL COMPREHENSIVE INCOME
YEAR ENDED 31 MARCH 2020

	Note	2020 £000	2019 £000
Operating expenses			
Operating expenses		(1,976)	(1,657)
Share based compensation		-	-
		<hr/>	<hr/>
Operating loss	2	(1,976)	(1,657)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(1,976)	(1,657)
Tax on loss on ordinary activities	5	387	317
		<hr/>	<hr/>
Loss and total comprehensive loss for the financial year		<u>(1,589)</u>	<u>(1,340)</u>

All of the activities of the company are classed as continuing.

EVGEN LIMITED
Registered Number 06403643

BALANCE SHEET

AS AT 31 MARCH 2020

	Note	£000	2020 £000	2019 £000
Fixed assets				
Intangible assets	6		82	98
Tangible assets	7		2	6
Current assets				
Debtors	8	407		399
Cash at bank		130		130
		537		529
Creditors: Amounts falling due within one year	9	(9,545)	(7,968)	
Net current liabilities			(9,008)	(7,439)
Total assets less current liabilities			(8,924)	(7,335)
Net liabilities			(8,924)	(7,335)
Capital and reserves				
Called-up share capital	10		37	37
Share premium			2,103	2,103
Share based compensation			615	615
Profit and loss account			(11,679)	(10,090)
Shareholders' deficit			(8,924)	(7,335)

These accounts were approved by the directors and authorised for issue on 12 June 2020 and are signed on their behalf by:



Richard Moulson
Director

EVGEN LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 31 MARCH 2020

	Share capital £000	Share premium £000	Share based compensation £000	Profit & loss account £000	Total equity £000
At 31 March 2018	37	2,103	615	(8,750)	(5,995)
Total comprehensive loss for the year	-	-	-	(1,340)	(1,340)
At 31 March 2019	37	2,103	615	(10,090)	(7,335)
Total comprehensive loss for the year	-	-	-	(1,589)	(1,589)
At 31 March 2020	37	2,103	615	(11,679)	(8,924)

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT 31 MARCH 2020

1. Accounting policies

General information

Evgen Limited is a private company limited by shares, incorporated and domiciled in England and Wales. The financial statements are prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The Company's financial statements are presented in Sterling and all values are rounded to the nearest pound thousand (£'000) except when otherwise indicated.

Basis of preparation

The financial statements are prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and under the historical cost convention.

In accordance with FRS 101, the Company has taken advantage of the exemptions from the following disclosure requirements:

- IFRS 2 'Share based payments' – Available disclosure exemptions
- IFRS 7 'Financial Instruments: Disclosures' – Carrying amounts, fair values, interest income/expense and net gains/ losses for each category of financial instrument, risks associated with financial instruments (including management of risks, maximum credit risk, credit quality of financial assets, analysis of financial assets past due or impaired, maturity analysis for financial liabilities, sensitivity analysis for market risks)
- IFRS 13 'Fair Value Measurement' – The fair value hierarchy, fair value measurements, (including valuation technique(s) and inputs), if the highest and best use of a non-financial asset differs from its current use, the reason for non-recurring fair value measurements, for Level 3 fair value measurements; unrealised fair value gains/losses in the period, the valuation process and sensitivity analysis
- IAS 1 'Presentation of Financial Statements' – Comparative reconciliations of the opening and closing number of shares and carrying amounts of property, plant and equipment, and intangible assets, objectives, policies and processes for managing capital
- IAS 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes.
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' – IFRSs that will impact future periods
- IAS 24 'Related Party Disclosures' – Compensation for key management personnel
- IAS 36 'Impairment of Assets' – Key assumptions in the measurement of the recoverable amount of assets and reasonable changes in those assumptions that result in impairment, where recoverable amount is based on fair value less costs of disposal; the valuation technique(s) used, and if fair value is not measured using a quoted price for an identical unit; the level in the fair value hierarchy, any change in the valuation technique(s) and the reason for the change

The financial statements of the Company are consolidated in the financial statements of Evgen Pharma plc. The consolidated financial statements of Evgen Pharma plc are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2020

1. Accounting policies (continued)

Changes in accounting policy and disclosures

There are no changes to IFRS effective from 1 January 2019 which have a material impact on the Company.

Significant estimates and judgements

In preparing its financial statements, the Company has made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Company periodically monitors such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The R&D tax credit figure of £0.4m included in the accounts is a management estimate which is subject to amendment by HMRC.

The judgements made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements; and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are addressed below:

Going concern

At 31 March 2020, the Company had cash of £0.1m and the Group had cash and cash equivalents of £4.1m.

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled "Guidance on Risk Management and Internal Control and Related Financial and Business Reporting".

The Company relies on its parent company, Evgen Pharma plc, for funding. After making enquiries and taking into account management's estimate of future revenues and expenditure, the Directors have a reasonable expectation that Evgen Pharma plc will have adequate financial resources to enable the Company to continue in operation for the foreseeable future.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that will prevail over the forecast period.

The Directors estimate that the cash held by the Group together with known receivables will be sufficient to support the current level of activities to around the end of June 2021. The Directors are continuing to explore sources of finance available to the Group and have confidence that they will be able to secure sufficient cash inflows for the Group to continue its activities to the end of calendar 2021 and therefore for not less than 12 months from the date of approval of these financial statements; they have therefore prepared the financial statements on a going concern basis.

Because the additional finance is not committed at the date of approval of these financial statements, these circumstances represent a material uncertainty as to the Group's ability to continue as a going concern. Should the Group be unable to obtain further finance such that the going concern basis of preparation were no longer appropriate, adjustments would be required including to reduce balance sheet values of assets to their recoverable amounts, to provide for further liabilities that might arise and to reclassify fixed assets as current assets.

On the basis of the above and the continued financial support from the Company's parent entity,

EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31 MARCH 2020

1. Accounting policies (continued)

Evgen Pharma plc, the Directors have adopted the going concern basis of accounting in preparing the financial statements.

Currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Intangible assets

Intangible assets with finite useful lives that are acquired externally are carried at cost less accumulated amortisation and impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives as below. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Licences – 10-20 years

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. 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.

Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

Plant, fixtures and fittings – 4 years

IT Equipment – 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Income Statement. At each reporting date, the Company reviews the carrying amounts of its property, plant and equipment assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31 MARCH 2020

1. Accounting policies (continued)

Research and development expenditure

All research and development costs, whether funded by third parties under licence and development agreements or not, are included within operating expenses and classified as such. Research and development costs relating to clinical trials are recognised over the period of the clinical trial based on information provided by clinical research organisations. All other expenditure on research and development is recognised as the work is completed.

All ongoing development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Company's programmes, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38, 'Intangible assets', are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Company. The Company does not currently have any such internal development costs that qualify for capitalisation as intangible assets.

Income tax

The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

(a) Current income tax

Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the Income Statement because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted or substantively enacted by the dates of the Balance Sheet.

(b) Deferred tax

Deferred tax is calculated at the latest tax rates that have been substantially enacted by the reporting date that are expected to apply when settled. It is charged or credited in the Income Statement except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method. It is not discounted.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets are not recognised due to uncertainty concerning crystallisation.

Payroll expense and related contributions

Wages, salaries, payroll tax, paid annual leave and sick leave, bonuses, and non-monetary benefits are accrued in the period in which the associated services are rendered.

Pension costs

The Company makes contributions to the private pension schemes of employees.

EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31 MARCH 2020

1. Accounting policies (continued)

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of operating segments.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance is based wholly on the overall activities of the Company. The Company has therefore determined that it has only one reportable segment under IFRS 8.

The results and assets for this segment can be determined by reference to the Income Statement and Balance Sheet.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the Income Statement when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

2. Operating loss

Operating loss is stated after charging/(crediting):

Year ended 31 March 2020	Year ended 31 March 2019
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EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31 MARCH 2020

	£'000	£'000
Research and development expenses:		
Amortisation of licences	16	15
Other research and development	1,629	1,502
Staff costs	143	4
Foreign exchange loss/(profit)	20	-
Auditor's remuneration - audit of the financial statements*	16	15
Other administrative expenses	152	121
Total operating expenses	1,976	1,657

*Non-audit fees have been disclosed in the consolidated financial statements.

3. Particulars of employees

The average number of staff employed by the Company during the financial year amounted to:

	2020	2019
	No	No
Number of staff	2	1

The aggregate payroll costs of the above were:

	2020	2019
	£'000	£'000
Wages and salaries	119	4
Employers National Insurance	15	-
Employers pension costs	9	-
	143	4

4. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was nil (2019: nil).

All directors' remuneration is paid by the parent company, Evgen Pharma plc. The Company paid no remuneration of any nature, including pension contributions, to the directors during the year.

EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31 MARCH 2020

5. Taxation on ordinary activities

(a) Analysis of charge in the year

	2020 £'000	2019 £'000
<i>Current tax</i>		
UK Corporation tax based on the results for the year at 19% (2019: 19%)	-	-
Adjustments in respect of prior periods	-	(11)
R&D tax credit	387	328
Net tax credit	387	317

(b) Factors affecting total tax charge

The tax charge for each year can be reconciled to the loss per the statement of comprehensive income as follows:

	2020 £'000	2019 £'000
Loss on ordinary activities before taxation	(1,976)	(1,657)
Loss on ordinary activities by rate of tax	(375)	(315)
Effects of:		
Losses not recognised	375	315
Prior year adjustments	-	(11)
R&D tax credit	387	328
Tax credit for the year	387	317

The Company has an unrecognised deferred tax asset of £1.4m (2019 - £1.3m) related to accumulated tax losses. These assets are not recognised due to the uncertainty in the timing of crystallisation.

EVGEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

AS AT 31 MARCH 2020

6. Intangible fixed assets

	Licences £'000
Cost	
At 31 March 2019 and 31 March 2020	168
Depreciation	
At 01 April 2019	70
Charge for the year	16
At 31 March 2020	86
Net book value	
At 31 March 2020	82
<i>At 31 March 2019</i>	98

Intangible assets constitute licenses to intellectual property. The remaining amortisation periods are between 1 and 16 years.

7. Tangible fixed assets

	Fixtures & Fittings £'000	Computer Equipment & Software £'000	Total £'000
Cost			
At 1 April 2019	2	22	24
Additions	-	1	1
Disposals	-	-	-
At 31 March 2020	2	23	25
Depreciation			
At 1 April 2019	1	17	18
Charge for the year	1	4	5
Disposals	-	-	-
At 31 March 2020	2	21	23
Net book value			
At 31 March 2020	-	2	2
<i>At 31 March 2019</i>	1	5	6

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AS AT 31 MARCH 2020

8. Debtors

	2020	2019
	£'000	£'000
Trade and other receivables	19	68
Current tax receivable	387	328
Prepayments and accrued income	1	3
	<u>407</u>	<u>399</u>

9. Creditors: Amounts falling due within one year

	2020	2019
	£'000	£'000
Trade creditors	217	437
Amounts owed to group undertakings	9,286	7,498
Other taxation and social security	10	-
Other creditors	2	-
Accruals and deferred income	30	33
	<u>9,545</u>	<u>7,968</u>

10. Share capital

Allotted, called up and fully paid:

	2020		2019	
	No	£'000	No	£'000
Ordinary shares of £1 each	<u>36,462</u>	<u>37</u>	<u>36,462</u>	<u>37</u>

The Ordinary shares rank pari passu in all respects including in relation to dividends and repayment of capital, and have equal voting rights with one vote per share. There are no restrictions on the transferability of the shares.

Reserves

The share premium reserve represents the difference between the net proceeds of equity issues and the nominal share capital of the shares issued.

The share-based compensation reserve reflects the aggregate fair value of equity-settled share-based payment transactions.

Reserves classified as retained deficit represent accumulated losses. None of the reserves are distributable.

EVGEN LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
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11. Ultimate parent company and controlling party

The directors consider Evgen Pharma plc, a company registered in England and Wales, to be the ultimate parent company.

Copies of the financial statements of Evgen Pharma plc are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

12. Transactions with related parties

During the year ended 31 March 2020, the Company purchased services totalling £155,513 (2019: £131,661) from The Clinical Trial Company, a company of which Richard Moulson, a director is also a director. The amount owed to The Clinical Trial Company Limited at 31 March 2020 was £nil (2019: £13,922).