

Adeptio Pharmaceuticals Limited

Annual report

30 June 2021



Adeptio Pharmaceuticals Limited

Company information

Directors	H E Evans M P Evans H Wendt
Company secretary	S Evans
Registered number	07060603
Registered office	Suite 1, 3rd Floor 11-12 St James Square London SW1Y 4LB
Independent auditor	UNW LLP Chartered Accountants Citygate St James' Boulevard Newcastle upon Tyne NE1 4JE
Bankers	National Westminster Bank plc PO Box 414 38 Strand London WC2H 5JB

Adeptio Pharmaceuticals Limited

Contents

	Page
Directors' report	1
Directors' responsibilities statement	2
Independent auditor's report to the members of Adeptio Pharmaceuticals Limited	3 - 6
Statement of comprehensive income	7
Balance sheet	8
Statement of changes in equity	9
Notes to the financial statements	10 - 16

Adeptio Pharmaceuticals Limited

Directors' report Year ended 30 June 2021

The directors present their report and the financial statements for the year ended 30 June 2021.

Principal activity

The company's principal activity is that of pharmaceutical research.

Results and dividends

The loss for the year, after taxation, amounted to £1,913,925 (2020 - loss £1,901,020).

No dividend on ordinary shares was declared in the year (2020: £nil).

Directors

The directors who served during the year were:

H E Evans
M P Evans
H Wendt

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors, which remain in force at the date of this report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and UNW LLP will therefore continue in office.

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 23 February 2022 and signed on its behalf by:



M P Evans
Director

Adeptio Pharmaceuticals Limited

Directors' responsibilities statement Year ended 30 June 2021

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.



Independent auditor's report to the members of Adeptio Pharmaceuticals Limited

Opinion

We have audited the financial statements of Adeptio Pharmaceuticals Limited ('the company') for the year ended 30 June 2021, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('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 30 June 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 'Auditors' 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 United Kingdom, including the Financial Reporting Council'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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



Independent auditor's report to the members of Adeptio Pharmaceuticals Limited (continued)

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 contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Opinion 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' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.



Independent auditor's report to the members of Adeptio Pharmaceuticals Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 2, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We identified areas of law and regulations that could reasonably be expected to have a material effect on the financial statements from our general and sector experience and through discussions with the directors and other management (as required by Auditing Standards) and from inspection of the company's legal correspondence and we discussed with the directors and other management the policies and procedures regarding compliance with the laws and regulations. We communicated identified laws and regulations within our audit team and remained alert to any indications of non-compliance throughout the audit.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we have assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines and litigation. We identified the following areas as those most likely to have such an effect; health and safety, employment law, data protection, environmental law and certain aspects of company legislation, recognising the nature of the company's activities. Auditing Standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Through these procedures we have not become aware of any actual or suspected non-compliance material to the financial statements.



Independent auditor's report to the members of Adeptio Pharmaceuticals Limited (continued)

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.

A handwritten signature in black ink that reads 'Fern Rivett'.

Fern Rivett BA ACA (Senior Statutory Auditor)
for and on behalf of UNW LLP, Statutory Auditor
Chartered Accountants
Newcastle upon Tyne

23 February 2022

Adeptio Pharmaceuticals Limited

Statement of comprehensive income Year ended 30 June 2021

	Note	2021 £	2020 £
Profit and loss account			
Turnover		16,341	-
Gross profit		16,341	-
Administrative expenses		(1,541,856)	(1,296,762)
Operating loss		(1,525,515)	(1,296,762)
Interest payable and similar charges	5	(688,339)	(705,297)
Loss before tax		(2,213,854)	(2,002,059)
Tax credit on loss	6	299,929	101,039
Loss for the financial year		<u>(1,913,925)</u>	<u>(1,901,020)</u>

There was no other comprehensive income for 2021 (2020: £nil).

The notes on pages 10 to 16 form part of these financial statements.

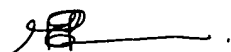
Adeptio Pharmaceuticals Limited

Balance sheet At 30 June 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	7	2,689	4,288
		<u>2,689</u>	<u>4,288</u>
Current assets			
Debtors	8	360,267	106,996
Bank and cash balances		6,136,893	7,538,886
		<u>6,497,160</u>	<u>7,645,882</u>
Creditors: amounts falling due within one year	9	(3,018,115)	(2,254,511)
Net current assets		<u>3,479,045</u>	<u>5,391,371</u>
Total assets less current liabilities		<u>3,481,734</u>	<u>5,395,659</u>
Creditors: amounts falling due after more than one year	10	(13,466,778)	(13,466,778)
Net liabilities		<u>(9,985,044)</u>	<u>(8,071,119)</u>
Capital and reserves			
Called up share capital		16,418	16,418
Capital redemption reserve		169	169
Profit and loss account		(10,001,631)	(8,087,706)
Total deficit		<u>(9,985,044)</u>	<u>(8,071,119)</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 23 February 2022.



M P Evans
Director

Company registered number: 07060603

The notes on pages 10 to 16 form part of these financial statements.

Adeptio Pharmaceuticals Limited

Statement of changes in equity Year ended 30 June 2021

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 July 2019	16,418	169	(6,186,686)	(6,170,099)
Loss for the year and total comprehensive income	-	-	(1,901,020)	(1,901,020)
At 1 July 2020	16,418	169	(8,087,706)	(8,071,119)
Loss for the year and total comprehensive income	-	-	(1,913,925)	(1,913,925)
At 30 June 2021	16,418	169	(10,001,631)	(9,985,044)

The notes on pages 10 to 16 form part of these financial statements.

Adeptio Pharmaceuticals Limited

Notes to the financial statements Year ended 30 June 2021

1. General information

Adeptio Pharmaceuticals Ltd ('the company') is a private company limited by shares, incorporated and domiciled in the United Kingdom and registered in England. The address of the registered office is given in the company information page of these financial statements.

2. Statement of compliance

These financial statements have been prepared in accordance with Section 1A of the United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS102') and the Companies Act 2006.

3. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

3.1 Basis of preparation of financial statements

The financial statements are prepared on a going concern basis and under the historical cost convention. They are presented in pounds sterling, which is the functional currency of the company, and rounded to the nearest £.

3.2 Going concern

In light of global events which persist at the date of approval of these financial statements, the directors have considered the potential impact of Covid-19 on the company's operations and resultant impact on financial headroom. Whilst the company has experienced some exposure to their operations as a result of the impact of the Covid-19 pandemic, development was able to recommence after the initial lockdown period in the UK and the directors do not believe that this will cause any significant delays to the development schedule.

At 30 June 2021 the company had £3.5m of net current assets including £6.1m of cash balances. In addition, the company has not made use of any of the available government funding and support measures in the UK.

The directors have prepared financial forecasts which indicate that the company will be able to meet its liabilities as they fall due in the normal course of business for at least the next twelve months following approval of these financial statements, and have the continued financial support of the shareholders. Accordingly, they continue to prepare the financial statements on a going concern basis.

Adeptio Pharmaceuticals Limited

Notes to the financial statements Year ended 30 June 2021

3. Accounting policies (continued)

3.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable net of VAT and trade discounts.

Turnover is recognised when significant risks and rewards of ownership of the goods have transferred to the buyer, the amount of turnover can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the company and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.4 Foreign currency translation

Transactions in foreign currencies are translated into sterling using the spot exchange rates at the dates of the transactions. At each period end, foreign currency monetary assets and liabilities are translated using the closing rate. Foreign exchange gains and losses are recognised in the profit and loss account.

3.5 Research and development

Research and development expenditure is written off to the profit and loss account in the period in which it is incurred.

3.6 Taxation

The taxation expense for the year comprises current and deferred tax and is recognised in the profit and loss account except to the extent that it relates to items recognised in other comprehensive income, or directly in equity, in which case the tax expense is also recognised in other comprehensive income or directly in equity.

Current tax is the amount of income tax payable in respect of the taxable profit for the current or past reporting periods. It is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods, and arises from 'timing differences' (where transactions or events are included in the financial statements in periods different from those in which they are assessed for tax). Deferred tax is recognised in respect of all timing differences, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing differences.

Adeptio Pharmaceuticals Limited

Notes to the financial statements Year ended 30 June 2021

3. Accounting policies (continued)

3.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their estimated useful lives as follows:

Computer equipment	-	4 years straight line
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Asset residual values and useful lives are reviewed at the end of each reporting period, and adjusted if appropriate. The effect of any change is accounted for prospectively.

3.8 Financial instruments

The company only enters into financial instruments transactions that result in the recognition of basic debt financial assets and liabilities like trade and other accounts receivable and payable, cash and bank balances, bank loans and loans to or from related parties, including fellow group companies.

Debt instruments due within one year are measured, initially and subsequently at the transaction price.

Preference shares which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

At the end of each reporting period debt financial assets are assessed for impairment, and their carrying value reduced if necessary. Any impairment charge is recognised in the profit and loss account.

4. Employees

The average monthly number of employees, including directors, during the year was 6 (2020 - 6).

5. Interest payable and similar charges

	2021 £	2020 £
Preference share dividends	<u>688,339</u>	<u>705,297</u>

Adeptio Pharmaceuticals Limited

Notes to the financial statements Year ended 30 June 2021

6. Taxation

	2021 £	2020 £
Corporation tax		
Research and development tax credit	(299,929)	(101,039)
Total current tax	<u>(299,929)</u>	<u>(101,039)</u>
Taxation on loss on ordinary activities	<u>(299,929)</u>	<u>(101,039)</u>

Factors affecting tax charge for the year

A claim will be made for a research and development tax credit for the year. In connection with this claim, losses will be surrendered in exchange for a cash payment.

The tax assessed for the year is lower than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	<u>(2,213,854)</u>	<u>(2,002,059)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(420,632)	(380,391)
Effects of:		
Expenses not deductible for tax purposes	131,100	142,157
Deferred tax not recognised	289,532	238,234
Research and development tax credits receivable	(299,929)	(101,039)
Total tax charge for the year	<u>(299,929)</u>	<u>(101,039)</u>

Factors that may affect future tax charges

The rate of corporation tax throughout the year was 19%. A reduction to 17%, due to come into effect from 1 April 2020, was substantively enacted on 6 September 2016. However, the current government announced that this reduction would be put on hold and this was confirmed in the recent Budget on 11 March 2020 and the rate will remain at 19% past 1 April 2020. This rate was substantively enacted on 17 March 2020 and therefore future deferred tax balances will be measured at 19%.

Adeptio Pharmaceuticals Limited

Notes to the financial statements Year ended 30 June 2021

7. Tangible fixed assets

	Computer equipment £
Cost	
At 1 July 2020	6,395
At 30 June 2021	6,395
Depreciation	
At 1 July 2020	2,107
Charge for the year	1,599
At 30 June 2021	3,706
Net book value	
At 30 June 2021	2,689
At 30 June 2020	4,288

8. Debtors

	2021 £	2020 £
Other debtors	299,929	101,031
Prepayments and accrued income	-	1,294
VAT	60,338	4,671
	360,267	106,996

Adeptio Pharmaceuticals Limited

Notes to the financial statements Year ended 30 June 2021

9. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	144,303	35,431
Other taxation and social security	16,008	-
Preference share dividends	2,838,660	2,150,321
Other creditors	-	91
Accruals and deferred income	19,144	68,668
	<u>3,018,115</u>	<u>2,254,511</u>

10. Creditors: amounts falling due after more than one year

	2021 £	2020 £
5% cumulative preference shares	<u>13,466,778</u>	<u>13,466,778</u>

The preference shares were initially issued on 27 September 2011 for £1 per share (2,363,434). The consideration was paid in cash. Each preference share is entitled to a fixed cumulative dividend, payable out of profits at the annual rate of 5% of the issue price, excluding any tax credit. To the extent that it remains unpaid, this dividend is compounded on 30 September of each year. The dividend carries interest at the rate of 5% between the due date and the date of payment.

On 30 September 2013, 1,734,414 preference shares were issued for £1 per share. The consideration was paid in cash. Each preference share is entitled to the same rights as detailed above.

On 14 November 2013, 51,598 preference shares were issued for £1 per share. The consideration was paid in cash. Each preference share is entitled to the same rights as detailed above.

On 11 January 2014, 41,494 preference shares were issued for £1 per share. The consideration was paid in cash. Each preference share is entitled to the same rights as detailed above.

On 28 June 2019, 9,275,838 preference shares were issued for £1 per share. The consideration was paid in cash. Each preference share is entitled to the same rights as detailed above.

Preference shares are redeemable the first business day following 31 December 2022.

A dividend of £688,339 (2020: £705,297) has been accrued in these financial statements (note 5). The preference shares are redeemable at par upon a return of capital in priority to any payment to the A Shareholders and the B Shareholders. The preference shares do not entitle the holders to any further rights of participation in the profits of the company or any rights to attend meetings and vote.

Adeptio Pharmaceuticals Limited

Notes to the financial statements Year ended 30 June 2021

11. Deferred tax

No provision has been made in these financial statements for any deferred tax asset or liability (2020: £nil). At 30 June 2021, there is a potential deferred asset of £1,214,533 (2020: £669,486) in respect of tax losses and research and development tax credits. This has not been recognised as the directors do not currently consider it to be virtually certain. The potential deferred tax asset as at 30 June 2021 has been computed at a rate of 25% (2020: 19%), which was the latest corporation tax rate substantively enacted at that date.