

COMPANY REGISTRATION NUMBER: 07316783

Proveca Limited

Information for Filing with the Registrar

31st July 2018



Proveca Limited

Statement of financial position

31st July 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	6	17,225	20,675
Investments	7	<u>1</u>	<u>1</u>
		17,226	20,676
Current assets			
Stocks		84,330	48,980
Debtors	8	557,433	252,594
Cash at bank and in hand		<u>1,980,910</u>	<u>2,117,293</u>
		2,622,673	2,418,867
Creditors: amounts falling due within one year	9	<u>(1,035,080)</u>	<u>(343,060)</u>
Net current assets		1,587,593	2,075,807
Total assets less current liabilities		1,604,819	2,096,483
Creditors: amounts falling due after more than one year	10	<u>(7,153,116)</u>	<u>(5,813,654)</u>
Net liabilities		<u>(5,548,297)</u>	<u>(3,717,171)</u>
Capital and reserves			
Called up share capital	12	297	285
Share premium account	13	2,031,782	1,828,795
Capital redemption reserve	13	10	10
Profit and loss account	13	<u>(7,580,386)</u>	<u>(5,546,261)</u>
Shareholders funds		<u>(5,548,297)</u>	<u>(3,717,171)</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

These financial statements were approved by the board of directors and authorised for issue on 16th March 2019, and are signed on behalf of the board by:



Dr S P Bryson
Director

Company registration number: 07316783

The notes on pages 2 to 8 form part of these financial statements.

Proveca Limited

Notes to the financial statements

year ended 31st July 2018

1. General information

The principal activity of the company is that of research, development and manufacture of pharmaceutical preparations. The company is a private limited company, which is incorporated in England and Wales (no 07316783). The address of the registered office is Neo, Charlotte Street, Manchester, United Kingdom, M1 4ET.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Going concern

During the prior year the company obtained additional investment funding from Albion Ventures, Kreos Capital V (UK) Limited and GM & Cheshire Life Sciences Fund LP with additional shares being issued and further loan funds provided. The directors believe these investments and facilities will provide sufficient resources to enable the company to continue as a going concern for the foreseeable future.

Grant income

Grant income is recognised in the profit and loss account when the relevant proportion of costs have been incurred in line with the requirements of the grant providers. Any accrued or deferred income is recognised on the balance sheet in debtors and creditors as appropriate.

Research and development

Research expenditure is written off in the period in which it is incurred.

Consolidation

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Details of these judgements are set out in the accounting policies.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Proveca Limited

Notes to the financial statements *(continued)*

year ended 31st July 2018

3. Accounting policies *(continued)*

Turnover *(continued)*

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised 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 reporting date that are expected to apply to the reversal of the timing difference.

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and Fittings	- 20% straight line
Office equipment	- 25% straight line

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Provecca Limited

Notes to the financial statements *(continued)* year ended 31st July 2018

3. Accounting policies *(continued)*

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost using the effective interest method, using a discount rate of 12%.

Finance costs comprise interest payable on borrowings calculated at the effective interest rate method and recognised on an accruals basis.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

Proveca Limited

Notes to the financial statements *(continued)*

year ended 31st July 2018

3. Accounting policies *(continued)*

Share-based payments

The company issues equity-settled and cash-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, together with a corresponding increase in equity, based upon the company's estimate of the shares that will eventually vest.

Where the terms of an equity-settled transaction are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled transaction is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the transaction is recognised immediately. However, if a new transaction is substituted for the cancelled transaction, and designated as a replacement transaction on the date that it is granted, the cancelled and new transactions are treated as if they were a modification of the original transaction, as described in the previous paragraph.

For cash-settled share-based payments, a liability equal to the portion of the goods and services received is recognised at the current fair value determined at each balance sheet date.

4. Employee numbers

The average number of persons employed by the company during the year amounted to 11 (2017: 8).

5. Auditors remuneration

In the year-ending 31 July 2018, the fees payable for the audit of the financial statements was £7,620 (2017 - £7,900).

6. Tangible assets

	Fixtures and fittings £	Equipment £	Total £
Cost			
At 1st August 2017	8,616	18,652	27,268
Additions	—	2,036	2,036
At 31st July 2018	<u>8,616</u>	<u>20,688</u>	<u>29,304</u>
Depreciation			
At 1st August 2017	287	6,306	6,593
Charge for the year	1,666	3,820	5,486
At 31st July 2018	<u>1,953</u>	<u>10,126</u>	<u>12,079</u>
Carrying amount			
At 31st July 2018	<u>6,663</u>	<u>10,562</u>	<u>17,225</u>
At 31st July 2017	<u>8,329</u>	<u>12,346</u>	<u>20,675</u>

Proveca Limited

Notes to the financial statements *(continued)*

year ended 31st July 2018

7. Investments

	Shares in group undertakings £
Cost	
At 1st August 2017 and 31st July 2018	<u>1</u>
Impairment	
At 1st August 2017 and 31st July 2018	<u>-</u>
Carrying amount	
At 31st July 2018	<u>1</u>
At 31st July 2017	<u>1</u>

The company owns 100% of the issued share capital of the companies listed below:

Daresbury Pharma Limited

This company did not trade during the year.

8. Debtors

	2018 £	2017 £
Trade debtors	426,783	187,939
Other debtors	<u>130,650</u>	<u>64,655</u>
	<u>557,433</u>	<u>252,594</u>

9. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	244,577	83,133
Amounts owed to group undertakings	1	1
Social security and other taxes	71,368	31,316
Other creditors	<u>719,134</u>	<u>228,610</u>
	<u>1,035,080</u>	<u>343,060</u>

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

	2018 £	2017 £
Other creditors	<u>7,153,116</u>	<u>5,813,654</u>

Loans within other creditors are secured by fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, stock-in-trade, licences and patents.

Proveca Limited

Notes to the financial statements *(continued)*

year ended 31st July 2018

11. Share-based payments

The company has an exit only share option scheme for certain employees. Options are exercisable at a price equal to the average market price of the company's shares on the date of grant.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	2018		2017	
	No.	WAEP	No.	WAEP
Granted during the year	3,500	12.21	—	—
Outstanding at 31st July 2018	3,500	—	—	—

As the share options are exit only, the vesting period is unknown and therefore no charge is made to profit and loss for the period.

12. Called up share capital

Issued, called up and fully paid

	2018		2017	
	No.	£	No.	£
Ordinary shares of £0.001 each	130,815	130.82	130,815	130.82
B Ordinary shares of £0.001 each	10,000	10.00	10,000	10.00
C Ordinary shares of £0.001 each	1,400	1.40	1,400	1.40
D Ordinary shares of £0.001 each	112,636	112.64	112,636	112.64
E Ordinary shares of £0.0001 each	63,791	6.38	63,791	6.38
F Ordinary shares of £0.001 each	36,138	36.14	23,567	23.57
	<u>354,780</u>	<u>297.37</u>	<u>342,209</u>	<u>284.80</u>

The number of shares outstanding at the year end date for all other classes of shares is consistent with the prior year.

On 11 December 2017 12,571 £0.001 F Ordinary shares were issued for a consideration of £16.15 per share.

The share premium of £202,987 created on the issue of the Ordinary shares has been credited to the share premium account in the period.

The Ordinary, B Ordinary, C Ordinary, D Ordinary, E Ordinary shares and F Ordinary shares have rights to participate to dividends and on a winding up.

The B Ordinary and C Ordinary shares do not hold any voting rights. The Ordinary shares have the right to attend and vote at a general meeting and the D Ordinary, E Ordinary shares and F Ordinary shares have rights to one vote per share on a poll, unless a step-in event occurs upon which the holders shall have the right to 20 votes per share held.

Proveca Limited

Notes to the financial statements *(continued)*

year ended 31st July 2018

13. Reserves

- Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

14. Summary audit opinion

The auditor's report for the year dated ~~28~~ March 2019 was unqualified.

The senior statutory auditor was Kevin Hoult BA FCA, for and on behalf of Sagars Accountants Ltd.