

**AUTIFONY THERAPEUTICS LIMITED**

**Report and Financial Statements**

**For the year ended 31 December 2012**

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# **AUTIFONY THERAPEUTICS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

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# **AUTIFONY THERAPEUTICS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2012**

### **OFFICERS AND PROFESSIONAL ADVISERS**

#### **DIRECTORS**

J Berriman  
C Large  
C Bingham  
M Bhaman  
A Baxter

#### **REGISTERED OFFICE AND BUSINESS ADDRESS**

B205 Imperial College Incubator  
Level 1 Bessemer Building  
Imperial College  
London  
SW7 2AZ

#### **BANKERS**

Barclays Bank  
1 Churchill Place  
London  
E14 5HP

# **AUTIFONY THERAPEUTICS LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

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 is drug discovery research

### **DIRECTORS**

The directors who served throughout the year are shown below

J Berriman  
C Large  
CE Bingham  
M Bhaman  
A Baxter

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

The directors are responsible for preparing the Annual 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 period. 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.

Approved by the Board of Directors on 20 March 2013  
and signed on behalf of the Board



C Large  
Director

# AUTIFONY THERAPEUTICS LIMITED

## PROFIT AND LOSS ACCOUNT Period ended 31 December 2011

	Note	2012 £	2011 £
Research and development		2,127,543	307,894
General and administration		348,047	205,498
<b>OPERATING LOSS</b>	2	<u>2,475,590</u>	<u>513,392</u>
Other interest receivable and similar income		4,095	513
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>2,471,495</u>	<u>512,879</u>
Tax on loss on ordinary activities		-	-
<b>LOSS FOR THE FINANCIAL YEAR</b>	10	<u>2,471,495</u>	<u>512,879</u>

# AUTIFONY THERAPEUTICS LIMITED

## BALANCE SHEET 31 December 2012

	Note	2012 £	2011 £
<b>FIXED ASSETS</b>			
Intangible assets	4	351,746	390,829
Tangible assets	5	24,469	400
Investment	6	8,602	8,602
		<u>384,817</u>	<u>399,831</u>
<b>CURRENT ASSETS</b>			
Debtors	7	2,036,273	244,991
Cash at bank and in hand		5,290,773	2,437,980
		<u>7,327,046</u>	<u>2,682,971</u>
<b>CREDITORS: amounts falling due within one year</b>	8	43,951	213,394
<b>NET CURRENT ASSETS</b>		<u>7,283,095</u>	<u>2,469,577</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,667,912</u>	<u>2,869,408</u>
<b>NET ASSETS</b>		<u>7,667,912</u>	<u>2,869,408</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	13,658	5,858
Share premium account	10	10,638,628	3,376,429
Profit and loss account	10	(2,984,374)	(512,879)
<b>SHAREHOLDERS' FUNDS</b>		<u>7,667,912</u>	<u>2,869,408</u>

For the year ending 31 December 2012 the Company was entitled to exemption from audit under Section 477 of the Companies Act 2006 relating to small companies

### Directors' responsibilities

- the members have not required the Company to obtain an audit in accordance with Section 476 of the Companies Act 2006,
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts,
- These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and with the Financial Reporting Standard for Smaller Entities (effective April 2008)

These accounts have been delivered in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements of Autifony Therapeutics Limited, registered number 07543962, were approved by the Board of Directors and authorised for issue on 20 March 2013

Signed on behalf of the Board of Directors



C Large  
Director

# **AUTIFONY THERAPEUTICS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Period ended 31 December 2012**

### **1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008). The particular accounting policies adopted are described below.

#### **Basis of accounting**

The financial statements are prepared under the historical cost convention.

#### **Going concern**

Taking into account the strong cash position at the year end the directors have prepared a range of forecasts demonstrating adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

#### **Research and development**

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period from which the company is expected to benefit.

#### **Share based payments**

The company issues equity-settled share-based payments to certain employees (including directors). Equity-settled share-based payments are measured at fair value at the date of grant. Under the ruling of the Financial Reporting Standard for Smaller Entities (effective April 2008) equity-settled share based payments are not recorded in the financial statements and are recognised on a disclosure only basis.

#### **Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### **Cash flow statement**

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

# AUTIFONY THERAPEUTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2012

### 2. OPERATING LOSS

	2012 £	2011 £
<b>Operating loss is after charging:</b>		
Amortisation of patents	39,083	10,021
Depreciation and other amounts written off tangible assets	<u>1,540</u>	<u>36</u>

### 3. DIRECTORS' REMUNERATION

	2012 £	2011 £
Remuneration and other benefits	39,040	11,458
Pension costs	<u>-</u>	<u>-</u>
	<u>39,040</u>	<u>11,458</u>
	<b>No.</b>	<b>No.</b>
Number of directors to whom retirement benefits are accruing	<u>-</u>	<u>-</u>

### 4. INTANGIBLE FIXED ASSETS

	Intellectual property rights £	Total £
<b>Cost</b>		
At 31 December 2011	400,850	400,850
Additions	<u>-</u>	<u>-</u>
At 31 December 2012	<u>400,850</u>	<u>400,850</u>
<b>Depreciation</b>		
At 31 December 2011	10,021	10,021
Charge in year	<u>39,083</u>	<u>39,083</u>
At 31 December 2012	<u>49,104</u>	<u>49,104</u>
<b>Net book value</b>		
At 31 December 2012	<u>351,746</u>	<u>351,746</u>
At 31 December 2011	<u>390,829</u>	<u>390,829</u>



# AUTIFONY THERAPEUTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2012

### 5. TANGIBLE FIXED ASSETS

	Office equipment £	Laboratory equipment £	Total £
<b>Cost</b>			
At 31 December 2011	436	-	436
Additions	-	25,609	25,609
At 31 December 2011	436	25,609	26,045
<b>Depreciation</b>			
At 31 December 2011	36	-	36
Charge in period	133	1,407	1,540
At 31 December 2011	169	1,407	1,576
<b>Net book value</b>			
At 31 December 2012	267	24,202	24,469
At 31 December 2011	400	-	400

### 6. INVESTMENTS

#### SUBSIDIARY UNDERTAKINGS

	2012 £	2011 £
<b>Cost</b>		
At start of period	8,602	-
Additions	-	8,602
At 31 December 2011	8,602	8,602

Autifony srl has been treated as a subsidiary undertaking because the Group exercises dominant influence over this investment, directing its financial and operating policies

### 7. DEBTORS

	2012 £	2011 £
Amounts outstanding on shares	1,825,000	-
Amounts owed by Group undertakings	127,534	224,664
Other debtors	80,759	18,103
Prepayments and accrued income	2,980	2,224
	2,036,273	244,991

All debtors are due within one year In January 2013 the Amounts outstanding on shares were paid

# AUTIFONY THERAPEUTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2012

### 8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2012 £	2011 £
Trade creditors	41,340	201,786
Other creditors	2,461	150
Accruals and deferred income	150	11,458
	<u>43,951</u>	<u>213,394</u>

### 9. CALLED UP SHARE CAPITAL

	2012 £	2011 £
<b>Called up, allotted and fully paid</b>		
1,437,204 Ordinary shares of £0.001 each	1,437	1,437
1,400,000 (2011 - 850,000) A Ordinary shares of £0.001 each	1,400	850
10,821,429 (2011 - 3,571,429) Series A preferred shares of £0.001 each	10,821	3,571
	<u>13,658</u>	<u>5,858</u>

On 23 May 2011 the company issued 1,350,000 Ordinary Shares of £0.001 each at par. On 5 August 2011 the company issued 87,204 Ordinary Shares of £0.001 each at par. On 19 August 2011 the company issued 850,000 A Ordinary Shares of £0.001 each at par and 2,696,429 Series A Preferred Shares of £0.001 for £1 per share.

On 21 December 2011 the company issued 875,000 Series A Preferred Shares of £0.001 each for £1 per share.

On 9 October 2012 the company issued 550,000 A ordinary shares at par.

On 31 October 2012 the company issued 7,250,000 Series A Preferred Shares of £0.001 each for £1 per share.

Ordinary shares and A Ordinary shares carry voting rights, entitlement to dividends and a return on capital after repayment of the capital of the Series A preferred shareholders.

Series A preferred shares carry voting rights, entitlement to dividends and a return on capital before the ordinary shareholders. Dividends are cumulative and accrue on a daily basis and are calculated at 8% of the par value. They are payable when and if the company has sufficient distributable reserves. The shares may be converted into ordinary shares at the discretion of the shareholder at any time.

# AUTIFONY THERAPEUTICS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Period ended 31 December 2012

### 10. STATEMENT OF MOVEMENT ON RESERVES

	Share premium account £	Profit and loss account £	Total £
At 25 February 2011	-	-	-
Loss for the year	-	(512,879)	(512,879)
Premium on issue of shares	3,376,429	-	3,376,429
At 31 December 2011	3,376,429	(512,879)	2,863,550
Loss for the year	-	(2,471,495)	(2,471,495)
Premium on issue of shares	7,262,199	-	7,262,199
At 31 December 2012	10,638,628	(2,984,374)	7,654,254

### 11. SUBSEQUENT EVENTS

Post year end, the amounts outstanding on shares were paid

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## **AUTIFONY THERAPEUTICS LIMITED**

### **ADDITIONAL INFORMATION**

**Period ended 31 December 2012**

The additional information which comprises the detailed trading profit and loss account and administrative expenses have been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditor's report thereon.

# AUTIFONY THERAPEUTICS LIMITED

## ADDITIONAL INFORMATION

Period ended 31 December 2012

	2012 £	2011 £
<b>RESEARCH AND DEVELOPMENT COSTS</b>		
Salary costs	9,397	-
Scientific/Clinical consultancy	66,377	12,448
Biological reagents	-	3,757
Outsourced research	1,754,560	201,765
Academic contracts	295,977	89,924
Scientific subscriptions	1,232	-
Research and development costs	<u>2,127,543</u>	<u>307,894</u>
<b>GENERAL AND ADMINISTRATION COSTS</b>		
Salary costs	39,040	11,458
Rent	5,408	-
IT	3,632	-
Office supplies	117	-
Travel	21,979	1,784
Legal services	4,452	121,641
Financial administration	27,914	9,509
Patents	145,503	33,749
Market consulting	40,308	632
Telephone	351	43
Bank charges	1,023	543
Exchange rate variance	14,663	8,426
Insurance	3,034	741
Start up costs	-	6,915
Depreciation and amortisation	40,623	10,057
General and administration costs	<u>348,047</u>	<u>205,498</u>
<b>OPERATING LOSS</b>		
<b>Interest receivable</b>		
Bank deposit interest	<u>4,095</u>	<u>513</u>
<b>LOSS BEFORE TAX</b>	<u>2,471,495</u>	<u>512,879</u>