

Abbreviated Accounts Autifony Therapeutics Limited

For the Year Ended 31 December 2014

Abbreviated Accounts

Registered number: 07543962

THURSDAY



A30 *A4GL2J80* #230
24/09/2015
COMPANIES HOUSE



Independent Auditor's Report to Autifony Therapeutics Limited

Under Section 449 of the Companies Act 2006

We have examined the abbreviated accounts, which comprise the Balance Sheet and the related notes, together with the financial statements of Autifony Therapeutics Limited for the year ended 31 December 2014 prepared under section 396 of the Companies Act 2006.

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared.

Opinion on financial statements

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts which comprise the Balance Sheet and the related notes have been properly prepared in accordance with the regulations made under that section.

Grant Thornton UK LLP

Alison Seekings (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
Cambridge
Date: 23 September 2015.

Abbreviated Balance Sheet

As at 31 December 2014

	Note	£	2014 £	£	2013 £
Fixed assets					
Intangible assets	2		601,853		686,853
Tangible assets	3		8,776		16,399
Investments	4		8,602		8,602
			<u>619,231</u>		<u>711,854</u>
Current assets					
Debtors		435,110		151,712	
Cash at bank		6,276,395		9,776,670	
		<u>6,711,505</u>		<u>9,928,382</u>	
Creditors: amounts falling due within one year		(481,716)		(500,730)	
Net current assets			<u>6,229,789</u>		<u>9,427,652</u>
Net assets			<u><u>6,849,020</u></u>		<u><u>10,139,506</u></u>
Capital and reserves					
Called up share capital	5		19,778		19,678
Share premium account			16,823,373		16,823,373
Profit and loss account			<u>(9,994,131)</u>		<u>(6,703,545)</u>
Shareholders' funds			<u><u>6,849,020</u></u>		<u><u>10,139,506</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006, were approved and authorised for issue by the board and were signed on its behalf on *17 September*


C Large
 Director

The notes on pages 3 to 7 form part of these financial statements.

Notes to the Abbreviated Accounts

For the Year Ended 31 December 2014

1. Accounting Policies

1.1 Basis of preparation of financial statements

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

These financial statements have been prepared on a going concern basis which assumes that the company will continue as a going concern for the foreseeable future, being a period of not less than 12 months from the date of approval of the financial statements.

The company is progressing its research and development activities and, until it is able to convert the activity into a significant revenue stream, it will continue to rely on obtaining additional funding. The company continues to be supported by its current investors and since the year end has secured further investment of £8m.

The directors' assessment of going concern has been based on a consideration of:

- the level of cash the company holds;
- the cost base of the company;
- the commercial progress of the business; and
- approved budgets and forecasts.

Given the investment received to date, together with the development progress achieved, the directors have a reasonable expectation that the company will be able to continue as a going concern for the foreseeable future and therefore continue to adopt the going concern basis in their presentation of the financial statements.

1.3 Intangible fixed assets and amortisation

Intellectual property rights are amortised to the Profit and Loss Account over their estimated economic life.

Amortisation is provided at the following rates:

Intellectual property rights	- 10% straight line
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1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Laboratory equipment	- 33.33% straight line
Office equipment	- 33.33% straight line

Notes to the Abbreviated Accounts

For the Year Ended 31 December 2014

1. Accounting Policies (continued)

1.5 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.6 Deferred taxation

Full provision is made for deferred tax liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.8 Research and development

Research and development is written off to the Profit and Loss Account in the year in which it is incurred.

1.9 Government grants

Grant receipts are credited to other operating income as the related expenditure is incurred.

1.10 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

Notes to the Abbreviated Accounts

For the Year Ended 31 December 2014

1. Accounting Policies (continued)

1.11 Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. A financial liability exists where there is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions. In addition, contracts which result in the entity delivering a variable number of its own equity instruments are financial liabilities. Shares containing such obligations are classified as financial liabilities. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. The carrying amount of the liability is increased by the finance cost and reduced by payments made in respect of that liability. Finance costs are calculated so as to produce a constant rate of charge on the outstanding liability. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

2. Intangible fixed assets

	£
Cost	
At 1 January 2014 and 31 December 2014	850,000
Amortisation	
At 1 January 2014	163,147
Charge for the year	85,000
At 31 December 2014	248,147
Net book value	
At 31 December 2014	601,853
At 31 December 2013	686,853

Notes to the Abbreviated Accounts

For the Year Ended 31 December 2014

3. Tangible fixed assets

	£
Cost	
At 1 January 2014	26,783
Additions	1,407
At 31 December 2014	<u>28,190</u>
Depreciation	
At 1 January 2014	10,384
Charge for the year	9,030
At 31 December 2014	<u>19,414</u>
Net book value	
At 31 December 2014	<u>8,776</u>
At 31 December 2013	<u>16,399</u>

4. Fixed asset investments

	£
Cost	
At 1 January 2014 and 31 December 2014	<u>8,602</u>

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding
Autifony Srl	Ordinary shares	100%

The aggregate of the share capital and reserves as at 31 December 2014 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

Name	Aggregate of share capital and reserves €	Profit/(loss) €
Autifony Srl	<u>94,835</u>	<u>28,877</u>

Notes to the Abbreviated Accounts

For the Year Ended 31 December 2014

5. Share capital

	2014 £	2013 £
Allotted, called up and fully paid		
2,359,204 (2013 - 2,259,204) Ordinary shares of £0.001 each	2,359	2,259
1,400,000 A Ordinary shares of £0.001 each	1,400	1,400
13,021,429 Series A Preferred shares of £0.001 each	13,021	13,021
1,698,418 Series A-2 Preferred shares of £0.001 each	1,698	1,698
1,300,000 Series A-2 NV Preferred shares of £0.001 each	1,300	1,300
	<u>19,778</u>	<u>19,678</u>

During the year ended 31 December 2014 the company issued 100,000 Ordinary shares of £0.001 each at par.

Share rights

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

Series A Preferred shares and Series A-2 Preferred shares carry voting rights, entitlement to dividends and a return on capital before the ordinary shareholders. Series A-2 NV Preferred shares carry entitlement to dividends and a return on capital before the ordinary shareholders but no voting rights. Dividends are cumulative and accrue on a daily basis and are calculated at 8% of the par value. They are payable only on a share sale or qualifying listing. The shares may be converted into Ordinary shares at the discretion of the shareholder at any time. The shares are all considered to be equity instruments.

Share options

The company has granted options to employees over Ordinary shares. The vesting period is four years. The options are settled in equity once exercised. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

At 31 December 2014 the company has 435,000 outstanding options over Ordinary shares (2013 - 250,000). These were granted from 19 March 2013 and have an exercise price of £0.001 per share.