

**Syncona Management Services Limited (formerly Syncona Manco
Services Limited)
Annual Report and Financial Statements
Period from incorporation (25 September 2012) to 30 September 2013**

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Syncona Management Services Limited

Contents

	Page
Directors' Report	2
Independent Auditors' Report	4
Profit and Loss Account	5
Balance Sheet	6
Notes to the Financial Statements	7
Administrative Details	10

Syncona Management Services Limited
Directors' Report
For the period ended 30 September 2013

The Directors of Syncona Management Services Limited (the "Company") present their report and the audited Financial Statements for the period ended 30 September 2013. The Company was incorporated on 25 September 2012.

The Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Principal Activities

The main activity of the Company is to manage the affairs and day-to-day operations of Syncona LLP. The Company has entered into an agreement with Syncona Management LLP under which Syncona Management LLP is appointed to manage the affairs and day-to-day operations of Syncona LLP on the Company's behalf, in consideration for the payment by the Company of a fee as agreed between the parties.

Review of the business and future developments

During the period, the Company managed the affairs and day-to-day operations of Syncona LLP through an agreement with Syncona Management LLP. On 11 October 2012 the Company changed its name to Syncona Management Services Limited.

Syncona Management Services Limited commenced trading in October 2012 and manages the day-to-day affairs of Syncona LLP, an evergreen investment company, taking an active role in identifying, supporting and developing technologies with the potential to significantly impact the healthcare market of the future. The Syncona Group, comprised of Syncona Partners LLP, Syncona LLP, Syncona Management Services Limited and Syncona Management LLP is an investor that takes a long view perspective, able to concentrate investment in opportunities as technology is validated. In contrast to the focus of a traditional venture capital fund, the Syncona Group's objective is to create profitable operating healthcare businesses that it can own for many years.

Syncona Partners LLP is an independent subsidiary of the Wellcome Trust. The Wellcome Trust is a global charitable foundation dedicated to achieving extraordinary improvements in human and animal health. It supports the brightest minds in biomedical research and the medical humanities and spend around £650 million each year to support its mission. The Trust's breadth of support includes public engagement, education and the application of research to improve health. It is independent of both political and commercial interests. As a subsidiary of the Wellcome Trust, any profits from the Syncona Group's activities will be recycled to support the charitable mission of the Wellcome Trust.

The Syncona Group takes a distinctive approach to healthcare investment. We work in partnership with the best people in our industry, giving them the resources and support they need to develop their ideas and products. We believe that innovation takes time to get right, but that ultimately it can deliver the best outcomes for patients and the best returns for investors. Our evergreen structure allows us to support our partner companies over the timeframes required to succeed. Our goal is to create sustainable businesses that will thrive in the healthcare market of the future and, over time, we aim to hold investments in a small number of significant, profitable businesses that have transformed their respective healthcare markets.

We believe that the healthcare market is in transition. The drive for cost containment across healthcare systems will be a dominant force for years to come and, consequently, innovative products will need to prove both their utility and value-for-money in order to be adopted and reimbursed. Only products, services and business models that embrace this environment will prosper in the future healthcare landscape. Consequently, our investments are designed to capitalize upon this vision of the future.

The Syncona Group will invest in a range of companies aligned with certain Healthcare Market Themes, each an area or sub-sector where new products and services will be required in the years to come. We focus on healthcare companies with defensible technology or transformational business models and invest where our expertise, network and approach can add value. We will support healthcare products (devices, therapeutics, diagnostics, IT), services and business models. We invest on a global basis with an amount of capital appropriate for each opportunity. Investments will usually range from £1 – £20 million per company.

Results for the period

The Company made a loss of £1,843,805 during the period ended 30 September 2013. No dividends have been declared by the Company.

Going concern

The Directors have a reasonable expectation that the LLP has adequate resources to continue in operational existence for the foreseeable future. Thus, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

Political and Charitable Donations

The Company made no political donations during the period.

Employees

There are no employees of the Company.

Key Performance Indicators and Principal Risks

The Company's key performance measure is that the Company provides services to Syncona LLP which it subcontracts to Syncona Management Services Limited. The principal risk relates to the success of investments made by Syncona LLP.

Creditor Payment terms

The Company pays suppliers in accordance with contractual terms or within 30 days of invoice date.

Directors and their interests

The Directors of the Company who served during the period and to the date of this report are set out below.

SJL Jeffreys

NJ Keen

None of the Directors held any beneficial interest in the shares of the Company. Further administrative details are disclosed on page 12.

Statement of Directors' Responsibilities in respect of the Financial Statements

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 period. Under that law the Directors have prepared 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Financial Statements,
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

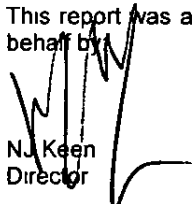
The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies 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.

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

Statement of disclosure of information to auditors

Each Director in office at the date of approving this report confirms that so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and each Director has taken all the steps that ought to have been taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report was approved by the Board of Directors on 31 October 2013 and signed on 13 November 2013 on its behalf by


NJ Keen
Director

13/11/2013

Syncona Management Services Limited
Independent Auditors' Report to the members of Syncona Management Services Limited
For the period ended 30 September 2013

Independent Auditors' Report to the Members of Syncona Management Services Limited

We have audited the financial statements of Syncona Management Services Limited for the period ended 30 September 2013 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 September 2013 and of its loss for the period 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.

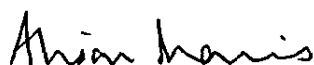
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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.



Alison Morns (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 November 2013

Syncona Management Services Limited
Profit and Loss Account
For the period ended 30 September 2013

	Note	2013 £
Administrative expenses		(1,843,805)
Operating loss and loss on ordinary activities before taxation	2	(1,843,805)
Tax on loss on ordinary activities	5	-
Loss for the financial period	10	(1,843,805)

The Company has no other gains or losses other than the results for the financial period as set out above, and therefore no separate statement of recognised gains and losses has been presented

The notes on pages 7 to 9 form part of these Financial Statements

There is no material difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents

Syncona Management Services Limited
Balance Sheet
As at 30 September 2013

	Note	2013 £
Current assets		
Debtors	6	100
		100
Creditors amounts falling due within one year	7	(1,843,805)
Net current liabilities		(1,843,705)
Net liabilities		(1,843,705)
Capital and reserves		
Called up share capital	9	100
Profit and loss account	10	(1,843,805)
Total shareholders' deficit		(1,843,705)

The Financial Statements on pages 5 to 9 were approved by the Board of Directors on 31 October 2013 and signed on 13 November 2013 on its behalf by


N. Keen
Director

13/11/2013

Syncona Management Services Limited
Notes to the Financial Statements
For the period ended 30 September 2013

1. ACCOUNTING POLICIES

a) Basis of preparation

The Financial Statements are prepared on a going concern basis under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. All income and expenditure is recognised in the Financial Statements on an accruals basis.

b) Accounting policies

Accounting policies have been reviewed and applied consistently in accordance with FRS 18 – “Accounting Policies”.

c) Cash flow statement

The Company is a subsidiary of The Wellcome Trust Limited, as trustee of the Wellcome Trust, and is included in the Consolidated Financial Statements of the Wellcome Trust, which are publicly available. Consequently the Company has taken advantage of the exemption from preparing a cash flow statement in accordance with FRS 1 (revised) – “Cash Flow Statements”.

d) Expenditure

All expenditure is recognised in the profit and loss account in accordance with the accruals concept.

e) Going concern

The Company has received a letter of support from Syncona Partners LLP under which Syncona Partners LLP agrees to provide adequate funding to Syncona Management Services Limited to ensure that Syncona management services Limited can meet its liabilities for a period of 12 months from the date of signing of the financial statements.

2 OPERATING LOSS

Auditors' remuneration of £7,000 is reported in the accounts of Syncona Partners LLP and is solely in relation to the statutory audit of the Annual Report and Financial Statements.

3 EMPLOYEE INFORMATION

The Company has no employees.

4 REMUNERATION OF DIRECTORS

There were no Directors for whom remuneration was paid during the period. There were no Directors for whom retirement benefits are accruing under a money purchase or defined benefit scheme. There were no Directors who exercised share options during the period or became entitled to shares under a long-term incentive scheme.

5. TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of charge in the period

	2013 £
Loss on ordinary activities before taxation	1,843,805
Loss on ordinary activities before taxation	
multiplied by average standard rate of corporation tax of 23.5%	(433,294)
Effects of	
Tax losses carried forward	433,294
Current tax charge for the period	-

Syncona Management Services Limited
Notes to the Financial Statements (continued)
For the period ended 30 September 2013

6 DEBTORS

	2013 £
Called up share capital not paid	100
	<u>100</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £
Trade creditors	23,805
Amounts owed to Syncona LLP	1,820,000
	<u>1,843,805</u>

Syncona LLP has made an interest free loan to the Company of £1,820,000. The Company is entitled to a priority profit share from Syncona LLP in the event that Syncona LLP makes profits. The priority profit share will be used to repay the loan.

8. RELATED PARTY TRANSACTIONS

The Company has been charged £1,843,805 during the period by Syncona Management LLP for the provision of services, £23,805 was outstanding at 30 September 2013. Syncona LLP has made an interest free loan to the Company of £1,820,000, all of which is outstanding at 30 September 2013.

9. CALLED UP SHARE CAPITAL

	2013 Number	2013 £
Authorised ordinary shares of £1 each	100	<u>100</u>
Ordinary shares of £1 each		
Called up, allotted and not paid	100	<u>100</u>

10 CAPITAL, RESERVES AND RECONCILIATION IN SHAREHOLDERS' DEFICIT

	Called-up Share Capital	Profit and loss account	Total Shareholders' Deficit
Reconciliation of movement in	£	£	£
At 25 September 2012	-	-	-
Share capital issued during the period	100	-	100
Loss for the period	-	(1,843,805)	(1,843,805)
At 30 September 2013	100	(1,843,805)	(1,843,705)

11 ULTIMATE PARENT UNDERTAKING & CONTROLLING PARTY

The Company is a company limited by shares. Its sole shareholder is Syncona Management LLP. The Company is considered a subsidiary of the Wellcome Trust for accounting purposes and its assets and liabilities have been consolidated with those of the Wellcome Trust as required by FRS 2 – "Accounting for Subsidiary Undertakings".

The ultimate parent undertaking and controlling party is the Wellcome Trust, which is the parent undertaking of the smallest and largest group to consolidate these Financial Statements.

Copies of the Wellcome Trust Annual Report and Financial Statements 2013 are available from the Trust's website (www.wellcome.ac.uk/aboutus).

Syncona Management Services Limited

Administrative Details

Registered Company Number

8228491

Registered Office

Gibbs Building
215 Euston Road
London
NW1 2BE

Directors

SJL Jeffreys
NJ Keen

Independent Auditors

PricewaterhouseCoopers LLP
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SE1 2RT

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