

Syncona Management Services Limited

Annual report and financial statements
for the year ended 30 September 2014

Registered number: 8228491

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Directors' Report

The Directors of Syncona Management Services Limited (the "Company") present their report and the audited Financial Statements for the year ended 30 September 2014.

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 year, the Company managed the affairs and day-to-day operations of Syncona LLP through an agreement with Syncona Management LLP.

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, specialises in the creation of novel healthcare companies and is able to take a long view perspective, concentrating investment in opportunities as technology is created and 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 Management 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 spends over £700 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, profits from the Syncona Group's activities will be recycled to support the charitable mission of the Wellcome Trust.

The Syncona Group works in partnership with the best people (academics, inventors, entrepreneurs) in the industry, providing them with the commercial capability, resources and capital needed to develop their ideas and products. Syncona believes that innovation takes time to get right, but that ultimately it can deliver the best outcomes for patients and the best returns for investors. The evergreen structure allows Syncona to support its companies over the timeframes required to bring innovative healthcare products to market. The Syncona goal is to create sustainable businesses that will thrive in the healthcare market of the future and, over time, Syncona will hold investments in a small number of significant, profitable businesses that have transformed the delivery of improved healthcare in their respective healthcare markets.

The provision of healthcare 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 businesses that embrace this environment will prosper in the future healthcare landscape. The Syncona entities are designed to capitalise upon this vision of the future.

The Syncona Group founds and invests in 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. Currently, Syncona has special interest in three areas - Gene Therapy, Cell Therapy and Patient Stratification Technologies- although Syncona will review technologies and opportunities from all domains. To date, Syncona has made investments in the following companies:

- Cambridge Epigenetix Limited (CEGX) - a research tools and diagnostic company focused on epigenetics. CEGX's founder is Shankar Balasubramanian, Herchel Smith Professor of Chemistry at the University of Cambridge.
- NightstaRx Limited (NSR) – a gene therapy company focused on retinal dystrophies. NSR's founder is Robert MacLaren, Professor of Ophthalmology at the University of Oxford.
- Blue Earth Diagnostics Limited (BED) – a diagnostic company developing FACBC, a PET-imaging agent for the diagnosis of biochemically recurrent prostate cancer. BED's CEO is Dr Jonathan Allis, previously Head of PET Imaging at GE Healthcare.

Directors' Report

- 14M Genomics Limited (14MG) – a cancer genomics company developing a platform of technology from the Wellcome Trust Sanger Institute for application to mainstream cancer care. 14MG's founders are Professors Mike Stratton, Peter Campbell and Ultan McDermott from the Wellcome Trust Sanger Institute.
- Autolus Limited (Autolus) – a company focussed on cancer treatments. Autolus's founder is Dr Martin Pule at University College London.

Results for the year

The Company made a loss of £1,949,788 (2013 – loss of £1,843,805) during the year ended 30 September 2014. No dividends have been declared by the Company.

Going concern

The Directors have a reasonable expectation that the company 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. 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

Political and Charitable Donations

The Company made no political donations during the year (2013: nil).

Employees

There are no employees of the Company (2013: nil).

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 LLP. 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 year and to the date of this report are set out below:

SJL Jeffreys (Resigned 04/08/2014)

G Kiff (Appointed 04/08/2014)

NJ Keen

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

Directors' Report

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 on11/11/2014..... and signed on17/02..... 2015 on its behalf by:



NJ Keen
Director

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

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Syncona Management Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2014 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.

What we have audited

Syncona Management Services Limited's financial statements comprise:

- Balance sheet as at 30 September 2014;
- Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTER PRESCRIBED BY COMPANIES ACT 2006

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

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

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Alison Morris (senior statutory auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside,
London
SE1 2RT
United Kingdom

17 February 2015

Profit and Loss Account

At 30 September 2014

	Note	2014 £	2013 £
Administrative expenses		(1,949,788)	(1,843,805)
Operating loss	2	(1,949,788)	(1,843,805)
Interest receivable and similar income		-	-
Interest payable and similar charges		-	-
Loss on ordinary activities before taxation		(1,949,788)	(1,843,805)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year/period		(1,949,788)	(1,843,805)

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

The notes on pages 9 to 12 form part of these Financial Statements.

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

All amounts relate to continuing operations.

Balance sheet

At 30 September 2014

	Note	2014 £	2013 £
Current assets			
Debtors	6	188,427	100
Cash at bank and in hand		1,080	-
		189,507	100
Creditors: amounts falling due within one year	7	(3,983,000)	(1,843,805)
Net current liabilities		(3,793,493)	(1,843,705)
Net liabilities		(3,793,493)	(1,843,705)
Capital and reserves			
Called up share capital	9	100	100
Profit and loss account	10	(3,793,593)	(1,843,805)
Total shareholders' deficit		(3,793,493)	(1,843,705)

The Financial Statements on pages 7 to 12 were approved by the Board of Directors on 11/11/2014 and signed on 17/02 2015 on its behalf by:


NJ Keen
Director

Notes to the financial statements

For the year ended 30 September 2014

1. STATEMENT OF ACCOUNTING POLICIES

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.

Accounting policies

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

Cash flow statement

The Company is a subsidiary 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”.

Expenditure

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

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 £6,180 (2013 - £6,000) 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 (2013: nil).

4. REMUNERATION OF DIRECTORS

There were no Directors for whom remuneration was paid during the year. 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 year or became entitled to shares under a long-term incentive scheme.

Notes to the financial statements

For the year ended 30 September 2014

5. TAX ON LOSS ON ORDINARY ACTIVITIES

Analysis of charge in the year:

	2014	2013
	£	£
Loss on ordinary activities before taxation	1,949,788	1,843,805
Loss on ordinary activities before taxation multiplied by average standard rate of corporation tax of 22% (2013: 23.5%)	(428,953)	(433,294)
Effects of:		
Tax losses carried forward	428,953	433,294
Current tax charge for the year	-	

No deferred tax asset has been recorded as there is insufficient evidence that the asset would be recovered.

6. DEBTORS

	2014	2013
	£	£
Other debtors	188,427	-
Called up share capital not paid	-	100
	188,427	100

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Trade creditors	-	23,805
Amounts owed to group undertakings	3,983,000	1,820,000
	3,983,000	1,843,805

Syncona LLP has made an interest free loan to the Company of £3,983,000 (2013 - £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.

Notes to the financial statements

For the year ended 30 September 2014

8. RELATED PARTY TRANSACTIONS

The Company has been charged £1,949,788 (2013 - £1,843,805) during the year by Syncona Management LLP for the provision of services; £nil was outstanding at 30 September 2014 (2013 - £23,805).

Syncona LLP has made an interest free loan to the Company of £3,983,000 (2013 - £1,820,000), all of which is outstanding at 30 September 2014.

9. CALLED UP SHARE CAPITAL

	2014 Number	2014 £	2013 Number	2013 £
Authorised ordinary shares of £1 each	100	100	100	100
Ordinary shares of £1 each				
Called up, allotted and not paid	100	100	100	100
		100		100

10. CAPITAL, RESERVES AND RECONCILIATION IN SHAREHOLDERS' DEFICIT

	Share Capital	Profit and loss account	Total Shareholders' Deficit
	£	£	£
At 1 October 2013	100	(1,843,805)	(1,843,705)
Loss for the year	-	(1,949,788)	(1,949,788)
At 30 September 2014	100	(3,793,593)	(3,793,493)

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 2014 are available from the Trust's website (www.wellcome.ac.uk/aboutus).

Administrative Details

Registered Company Number

8228491

Registered Office

Gibbs Building
215 Euston Road
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Directors

G.Kiff
NJ Keen

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