

AXOL BIOSCIENCE LTD
Report of the Directors and
Unaudited Financial Statements
for the Year Ended 31 December 2016

Contents of the Financial Statements
for the Year Ended 31 December 2016

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AXOL BIOSCIENCE LTD

Company Information
for the Year Ended 31 December 2016

Directors:

Y Shi
S Kumar
Dr E Ralph

Registered office:

Suite 3 The Science Village Building
Chesterford Park
Little Chesterford
Saffron Walden
Cambridgeshire
CB10 1XL

Registered number:

08340031 (England and Wales)

Accountants:

The MPA Group Limited
Mercers Manor Barns
Sherington
Buckinghamshire
MK16 9PU

Report of the Directors
for the Year Ended 31 December 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

Principal activity

The principal activity of the company in the year under review was that of research and experimental development on biotechnology.

Directors

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

Y Shi
Dr E Ralph

Other changes in directors holding office are as follows:

S Kumar - appointed 1 January 2016

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors 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), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;
- 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.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

On behalf of the board:

Y Shi - Director

21 June 2017

Accountants' Report to the Board of Directors
on the Unaudited Financial Statements of
Axol Bioscience Ltd

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Axol Bioscience Ltd for the year ended 31 December 2016 which comprise the Profit and Loss Account, Balance Sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Association of Chartered Certified Accountants, we are subject to its ethical and other professional requirements which are detailed at <http://www.accaglobal.com/rulebook>.

This report is made solely to the Board of Directors of Axol Bioscience Ltd, as a body, in accordance with our terms of engagement. Our work has been undertaken solely to prepare for your approval the financial statements of Axol Bioscience Ltd and state those matters that we have agreed to state to the Board of Directors of Axol Bioscience Ltd, as a body, in this report in accordance with the requirements of the Association of Chartered Certified Accountants as detailed at <http://www.accaglobal.com/factsheet163>. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and its Board of Directors, as a body, for our work or for this report.

It is your duty to ensure that Axol Bioscience Ltd has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Axol Bioscience Ltd. You consider that Axol Bioscience Ltd is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Axol Bioscience Ltd. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

The MPA Group Limited
Mercers Manor Barns
Sherington
Buckinghamshire
MK16 9PU

21 June 2017

Profit and Loss Account
for the Year Ended 31 December 2016

| | | 31.12.16 | 31.12.15 as restated |
|--|-------|-------------------------|-------------------------|
| | Notes | £ | £ |
| Turnover | | 561,265 | 283,782 |
| Cost of sales | | <u>(216,323)</u> | <u>(197,690)</u> |
| Gross profit | | 344,942 | 86,092 |
| Distribution costs | | (51,089) | (22,485) |
| Administrative expenses | | <u>(1,159,446)</u> | <u>(882,903)</u> |
| | | (865,593) | (819,296) |
| Other operating income | | <u>88,532</u> | <u>50,896</u> |
| Operating loss and Loss before taxation | 4 | (777,061) | (768,400) |
| Tax on loss | | <u>61,319</u> | <u>14,605</u> |
| Loss for the financial year | | <u>(715,742)</u> | <u>(753,795)</u> |

The notes form part of these financial statements

Balance Sheet
31 December 2016

| | | 31.12.16 | | 31.12.15 as restated | |
|--|-------|----------------|--------------------|-------------------------|--------------------|
| | Notes | £ | £ | £ | £ |
| Fixed assets | | | | | |
| Intangible assets | 6 | | 224,804 | | 193,935 |
| Tangible assets | 7 | | 99,865 | | 162,159 |
| | | | <u>324,669</u> | | <u>356,094</u> |
| Current assets | | | | | |
| Stocks | 8 | 103,453 | | 46,856 | |
| Debtors | 9 | 238,817 | | 193,370 | |
| Cash at bank and in hand | | <u>337,288</u> | | <u>69,866</u> | |
| | | 679,558 | | 310,092 | |
| Creditors | | | | | |
| Amounts falling due within one year | 10 | <u>256,857</u> | | <u>342,706</u> | |
| Net current assets/(liabilities) | | | <u>422,701</u> | | <u>(32,614)</u> |
| Total assets less current liabilities | | | <u>747,370</u> | | <u>323,480</u> |
| Creditors | | | | | |
| Amounts falling due after more than one year | 11 | | <u>161,087</u> | | <u>23,400</u> |
| Net assets | | | <u>586,283</u> | | <u>300,080</u> |
| Capital and reserves | | | | | |
| Called up share capital | | | 89,775 | | 75,071 |
| Share premium | | | 2,312,652 | | 1,325,411 |
| Retained earnings | | | <u>(1,816,144)</u> | | <u>(1,100,402)</u> |
| Shareholders' funds | | | <u>586,283</u> | | <u>300,080</u> |

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2016.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2016 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 21 June 2017 and were signed on its behalf by:

Y Shi - Director

Notes to the Financial Statements
for the Year Ended 31 December 2016

1. **Statutory information**

Axol Bioscience Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **Accounting policies**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Amortisation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Agreements - at varying rates on cost
Development Fees - 33% on cost

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

| | |
|----------------------|----------------------------|
| Laboratory Equipment | - at varying rates on cost |
| Office Equipment | - 33% on cost |
| Fixtures & Fittings | - 20% on cost |
| Computer equipment | - 33% on cost |

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

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 way 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 during which the company is expected to benefit. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Development costs capitalised are amortised from the date at which the product sales commence, on a straight line basis over their expected useful life.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

2. **Accounting policies - continued**

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

3. **Employees and directors**

The average number of employees during the year was 18 .

4. **Operating loss**

The operating loss is stated after charging:

| | 31.12.16 | 31.12.15 as restated |
|--------------------------------|----------|-------------------------|
| | £ | £ |
| Depreciation - owned assets | 71,791 | 32,721 |
| Development costs amortisation | 160,825 | 122,196 |
| Agreements amortisation | 9,670 | 6,780 |

5. **Prior year adjustment**

Prior year adjustment relates to corporation tax refund that was incorrectly posted to VAT.

6. **Intangible fixed assets**

| | Development costs £ | Agreements £ | Totals £ |
|-----------------------|---------------------------|-----------------|-------------|
| Cost | | | |
| At 1 January 2016 | 366,590 | 49,631 | 416,221 |
| Additions | 184,872 | 16,492 | 201,364 |
| At 31 December 2016 | 551,462 | 66,123 | 617,585 |
| Amortisation | | | |
| At 1 January 2016 | 210,676 | 11,610 | 222,286 |
| Amortisation for year | 160,825 | 9,670 | 170,495 |
| At 31 December 2016 | 371,501 | 21,280 | 392,781 |
| Net book value | | | |
| At 31 December 2016 | 179,961 | 44,843 | 224,804 |
| At 31 December 2015 | 155,914 | 38,021 | 193,935 |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

7. **Tangible fixed assets**

| | Laboratory Equipment £ | Office Equipment £ | Fixtures & Fittings £ | Computer equipment £ | Totals £ |
|------------------------|------------------------------|--------------------------|-----------------------------|----------------------------|----------------|
| Cost | | | | | |
| At 1 January 2016 | 176,311 | 833 | 40,396 | 8,291 | 225,831 |
| Additions | 3,612 | 275 | - | 5,785 | 9,672 |
| Disposals | (1,540) | (360) | - | - | (1,900) |
| At 31 December 2016 | <u>178,383</u> | <u>748</u> | <u>40,396</u> | <u>14,076</u> | <u>233,603</u> |
| Depreciation | | | | | |
| At 1 January 2016 | 56,562 | 713 | 1,346 | 5,051 | 63,672 |
| Charge for year | 60,678 | 88 | 8,079 | 2,946 | 71,791 |
| Eliminated on disposal | (1,465) | (260) | - | - | (1,725) |
| At 31 December 2016 | <u>115,775</u> | <u>541</u> | <u>9,425</u> | <u>7,997</u> | <u>133,738</u> |
| Net book value | | | | | |
| At 31 December 2016 | <u>62,608</u> | <u>207</u> | <u>30,971</u> | <u>6,079</u> | <u>99,865</u> |
| At 31 December 2015 | <u>119,749</u> | <u>120</u> | <u>39,050</u> | <u>3,240</u> | <u>162,159</u> |

8. **Stocks**

| | 31.12.16 | 31.12.15 as restated |
|---------------|----------------|-------------------------|
| | £ | £ |
| Raw materials | <u>103,453</u> | <u>46,856</u> |

9. **Debtors: amounts falling due within one year**

| | 31.12.16 | 31.12.15 as restated |
|--------------------------------|----------------|-------------------------|
| | £ | £ |
| Trade debtors | 68,165 | 72,769 |
| Other debtors | 19,903 | 20,989 |
| Debtors Revaluation | 14,399 | - |
| Tax | 61,319 | - |
| VAT | 14,796 | 31,485 |
| Prepayments and accrued income | 17,693 | - |
| Prepayments | <u>42,542</u> | <u>68,127</u> |
| | <u>238,817</u> | <u>193,370</u> |

10. **Creditors: amounts falling due within one year**

| | 31.12.16 | 31.12.15 as restated |
|---------------------------------|----------------|-------------------------|
| | £ | £ |
| Finance leases | 22,923 | 23,400 |
| Trade creditors | 88,654 | 109,150 |
| Social security and other taxes | 13,650 | - |
| Other creditors | 1,969 | 200,065 |
| Creditors Revaluation | 8,296 | - |
| Accruals and deferred income | 86,932 | - |
| Accrued expenses | <u>34,433</u> | <u>10,091</u> |
| | <u>256,857</u> | <u>342,706</u> |

Notes to the Financial Statements - continued
for the Year Ended 31 December 2016

11. **Creditors: amounts falling due after more than one year**

| | 31.12.16 | 31.12.15 as restated |
|------------------------------|-----------------------|-------------------------|
| | £ | £ |
| Finance leases | 1,710 | 23,400 |
| Accruals and deferred income | 159,377 | - |
| | <u>161,087</u> | <u>23,400</u> |

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