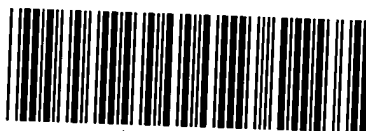


REGISTERED NUMBER: 08839972 (England and Wales)

**Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 January 2018
for
Genomics plc**

TUESDAY



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COMPANIES HOUSE

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for the year ended 31 January 2018

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Genomics plc

Company Information
for the year ended 31 January 2018

DIRECTORS:

J E B Colenutt
Professor P J Donnelly
Professor G McVean
D R Norwood
M R Warne
C R Weston – resigned 24 March 2017

SECRETARY:

Pinsent Masons Secretarial Limited

REGISTERED OFFICE:

King Charles House
Park End Street
Oxford
OX1 1JD

REGISTERED NUMBER:

08839972 (England and Wales)

AUDITORS:

KPMG LLP
Chartered Accountants
Registered Auditor
1 Sovereign Square
Sovereign Street
Leeds
West Yorkshire
LS1 4DA

Strategic Report
for the year ended 31 January 2018

The directors present their strategic report for the year ended 31 January 2018.

REVIEW OF BUSINESS

The Company's principal activities during the year continued to be the development of a platform that can be used to derive biological insights from genetic and linked phenotypic data. Efforts to source and obtain data from genotyping and genome studies and then integrate into one interrogable quality-controlled database have resulted in the largest database of its kind in the world, with work ongoing to enable further scaling of the resource. Methods and tools for analysis have continued to be developed and refined to further improve the value that can subsequently be derived. The value of the insights that can be derived from this technology is demonstrated by a new collaboration with Biogen, to discover novel targets in multiple sclerosis.

The key financial and other performance indicators during the year were as follows:

	2018	2017
	£	£
Revenue	522,204	111,071
Operating loss	(3,652,353)	(3,538,039)
Loss after tax	(3,168,617)	(3,325,598)
Shareholders' funds	2,826,537	5,981,907
Average number of employees	35	38

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the Company are set out below.

Brexit risk

The Company does not anticipate any significant business impact from Brexit in terms of sales revenue or costs. Recruitment of non-UK staff may be impacted given that the company hires from both within and outside the EU, but given the highly specialist nature of the roles recruited for, it is expected that the company will continue to benefit from the shortage occupation criteria in the Government's visa regulations.

Research and development risk

The Company is involved in complex scientific research and technology development. There is no guarantee that the Company will be successful in its research and technology development. Some of the Company's technology and intellectual property portfolio is at an early stage of commercial development. The Company may not be able to develop and exploit its technology sufficiently to enable it to develop commercial value.

Early stage of operations

The Company is still at an early stage of development. There are a number of operational, strategic and financial risks associated with such early stage companies. In particular, the Company's future growth and prospects will depend on its ability to develop its technology and generate sufficient commercial value. It also needs to develop operational, financial and quality control systems on a timely basis, at a time of business growth, whilst at the same time maintaining effective cost controls. Any failure to develop operational, financial and management information and quality control systems in line with the Company's growth could have a material adverse effect on its business, financial condition and results of operations.

The Company is currently loss making and there can be no certainty that the Company will achieve sustainable revenues, profitability or positive cash flow from its operating activities within the timeframe expected by the Board or at all. The development of the Company's revenues is difficult to predict. The Company has a limited operating history upon which its performance and prospects can be evaluated.

Competition risk

Given the potentially disruptive nature of the Company's technology in relation to established markets, the Company may face significant competition and negative commentary from organisations which have greater capital resources than it and/or which have a product offering competitive to that of the Company, to the detriment of the Company.

Strategic Report
for the year ended 31 January 2018

Dependence on key executives and personnel and the ability to attract and retain appropriately qualified personnel

The Company's future success is substantially dependent on the continued services and performance of its executive Directors and senior management and its ability to attract and retain suitably skilled and experienced personnel. The Company cannot give assurances that members of the senior management team and the executive Directors will continue to remain within the Company. Finding and hiring any such replacements could be costly and might require the Company to grant significant equity awards or other incentive compensation, which could adversely impact its financial results.

Intellectual property

The Company's success will depend in part on its ability to maintain adequate protection of its intellectual property, covering its processes and applications. The intellectual property on which the Company's business is based is a combination of patent applications and proprietary know-how. No assurance can be given that any pending patent applications or any future patent applications will result in granted patents, that any patents will be granted on a timely basis, that the scope of any patent protection will exclude competitors or provide competitive advantages to the Company, that any of the Company's patents will be held valid if challenged, or that third parties will not claim rights in, or ownership of, the patents and other proprietary rights held by the Company.

There can be no assurance that others have not developed or will not develop similar products, duplicate any of the Company's products or design around any patent applications held by the Company. Others may hold or receive patents which contain claims having a scope that covers products developed by the Company (whether or not patents are issued to the Company). In addition, no assurance can be given that others will not independently develop or otherwise acquire substantially equivalent techniques or otherwise gain access to the Company's unpatented proprietary technology or disclose such technology or that the Company can ultimately protect meaningful rights to such unpatented technology.

Any claims made against the Company's intellectual property rights, even without merit, could be time consuming and expensive to defend and could have a materially detrimental effect on the Company's resources.

Third party intellectual property

Although the Board believes that the Company's current products, products in development and processes do not infringe the intellectual property rights of any third parties, it is impossible to be aware of all third party intellectual property. No assurance can be given that third parties will not in the future claim rights in or ownership of the patents and other proprietary rights from time to time held by the Company.

Financial instrument risks

The Company has established a risk and financial management framework whose primary objectives are to protect the Company from events that hinder the achievement of the Company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk relates to the Company's prudent liquidity risk management and implies maintaining sufficient cash reserves. The Board monitors forecasts of the Company's liquidity and cash and cash equivalents on the basis of expected cash flow. At 31 January 2018, the Company had £2,085,602 (31 January 2017: £5,096,221) of cash and cash equivalents.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's policies are aimed at minimising such losses and require that credit terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures. Details of the Company's debtors are shown in note 9 of the financial statements. At 31 January 2018 there were outstanding trade debtors of £97,006 against which no provision is deemed necessary.

Strategic Report

for the year ended 31 January 2018

Capital risk management

The Board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The Company's objective when managing capital is to maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term. The capital structure of the Company is managed and adjusted to reflect changes in economic circumstances. In determining how the Company should be financed, through a combination of debt and equity, the Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position. The Company's capital is made up of share capital, share premium and retained earnings totalling £2,826,537 at 31 January 2018 (2017: £5,981,907).

The Company funds its expenditures on commitments from existing cash and cash equivalent balances, primarily received from issuances of shareholders' equity. There are no externally imposed capital requirements. Financing decisions are made by the Board based on forecasts of the expected timing and level of capital and operating expenditure required to meet the Company's commitments and development plans.

ON BEHALF OF THE BOARD:



.....
J E B Colenutt - Director

Date: 31 May 2018

Genomics plc (Registered number: 08839972)

Report of the Directors *for the year ended 31 January 2018*

The directors present their report with the financial statements of the company for the year ended 31 January 2018.

DIVIDENDS

The directors do not recommend the payment of a dividend.

RESEARCH AND DEVELOPMENT

The Company has incurred research and development expenditure of £2,364,409 (2017: £2,492,652) which has been charged to the Statement of Comprehensive Income as incurred.

FUTURE DEVELOPMENTS

The Directors anticipate that there will be many opportunities in the next twelve months to expand Genomics plc's world-leading database in scale and scope, and create new and innovative methods and tools for extracting further biological insights from this resource. Further commercial progress remains a priority.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 February 2017 to the date of this report.

J E B Colenutt
Professor P J Donnelly
Professor G McVean
D R Norwood
M R Warne

Other changes in directors holding office are as follows:

C R Weston - resigned 24 March 2017

FINANCIAL INSTRUMENTS

Details of financial instruments are provided in the strategic report on page 4.

POLITICAL CONTRIBUTIONS

The Company made no political donations or incurred any political expenditure during the year (2017: £nil).

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, its financial position, financial risk management objectives, details of its financial instruments, and its exposures to price, credit, liquidity and cash flow are described in the Strategic Report on pages 2 to 4.

At 31 January 2018 the company was making significant progress with its research and development and commercialisation activities. The company held cash of £2,085,602 at 31 January 2018, with these funds currently expected to cover the working capital requirements to July 2018. The directors are therefore in discussions with existing and new investors to secure further funds by July 2018. No formal terms have been agreed at this stage. The level of funding requested from the existing and new investors will be determined following completion of the initial discussions. However, the funding level requested will exceed the company's working capital requirements for at least the next 12 months from date of signing accounts.

If the funding is not forthcoming the company will not be able to meet its liabilities. The above circumstances give rise to a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and that the company may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business.

Other discussions are ongoing with various pharmaceutical companies which may result in short-term positive cashflows in the short-term.

The accounts have been prepared on going concern basis and do not include any adjustments that would be necessary if that basis were inappropriate.

Genomics plc (Registered number: 08839972)

Report of the Directors
for the year ended 31 January 2018

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

AUDITORS

The auditors, KPMG LLP, will be deemed to be re-appointed under section 487(2) of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
J E B Colenutt - Director

Date: 31 May 2018

Registered Office:
King Charles House
Park End Street
Oxford
OX1 1JD

Statement of Directors' Responsibilities
for the year ended 31 January 2018

The directors are responsible for preparing the Strategic Report, 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 year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Report of the Independent Auditors to the Members of Genomics plc

Opinion

We have audited the financial statements of Genomics plc ("the company") for the year ended 31 January 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Material uncertainty relating to going concern

We draw attention to note 2 to the financial statements which indicates that the company's ability to continue as a going concern is dependent on a successful fund raise in the period to July 2018. Given this fundraising is outside the control of the company, this, along with the other matters explained in note 2, constitutes a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Report of the Independent Auditors to the Members of Genomics plc

Directors' responsibilities

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

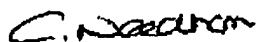
Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Claire Needham (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

1 Sovereign Square
Sovereign Street
Leeds
West Yorkshire
LS1 4DA

Date: 5/06/2018

Genomics plc (Registered number: 08839972)

Statement of Comprehensive Income
for the year ended 31 January 2018

	Notes	2018 £	2017 £
REVENUE	3	522,204	111,071
Administrative expenses		<u>(4,205,351)</u>	<u>(4,386,673)</u>
		(3,683,147)	(4,275,602)
Other operating income		<u>30,794</u>	<u>737,563</u>
OPERATING LOSS	6	(3,652,353)	(3,538,039)
Interest receivable and similar income		<u>979</u>	<u>15,849</u>
LOSS BEFORE TAXATION		(3,651,374)	(3,522,190)
Tax on loss	7	<u>482,757</u>	<u>196,592</u>
LOSS FOR THE FINANCIAL YEAR		(3,168,617)	(3,325,598)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(3,168,617)</u>	<u>(3,325,598)</u>

The notes form part of these financial statements

Genomics plc (Registered number: 08839972)

Statement of Financial Position
31 January 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Property, plant and equipment	8	686,205	868,801
CURRENT ASSETS			
Debtors	9	279,320	205,606
Cash at bank and in hand		<u>2,085,602</u>	<u>5,096,221</u>
		2,364,922	5,301,827
CREDITORS			
Amounts falling due within one year	10	<u>(224,590)</u>	<u>(188,721)</u>
NET CURRENT ASSETS		<u>2,140,332</u>	<u>5,113,106</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,826,537</u>	<u>5,981,907</u>
CAPITAL AND RESERVES			
Called up share capital	13	50,493	50,493
Share premium		11,372,726	11,372,726
Retained earnings		<u>(8,596,682)</u>	<u>(5,441,312)</u>
SHAREHOLDERS' FUNDS		<u>2,826,537</u>	<u>5,981,907</u>

The financial statements were approved by the Board of Directors on 31 May 2018 and were signed on its behalf by:



.....
J E B Colenutt - Director

Genomics plc (Registered number: 08839972)

Statement of Changes in Equity
for the year ended 31 January 2018

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 February 2016	50,493	(2,223,962)	11,372,726	9,199,257
Total comprehensive income				
Loss and total comprehensive loss	-	(3,325,598)	-	(3,325,598)
Transactions with owners				
Share-based payment expense (note 16)	-	108,248	-	108,248
Balance at 31 January 2017	<u>50,493</u>	<u>(5,441,312)</u>	<u>11,372,726</u>	<u>5,981,907</u>
Total comprehensive income				
Loss and total comprehensive loss	-	(3,168,617)	-	(3,168,617)
Transactions with owners				
Share-based payment expense (note 16)	-	13,247	-	13,247
Balance at 31 January 2018	<u>50,493</u>	<u>(8,596,682)</u>	<u>11,372,726</u>	<u>2,826,537</u>

The notes form part of these financial statements

Genomics plc (Registered number: 08839972)

Statement of Cash Flows
for the year ended 31 January 2018

	Notes	2018 £	2017 £
Cash flows from operating activities			
Cash absorbed by operations	A	(3,474,742)	(3,491,044)
Taxation refund		<u>578,606</u>	<u>364,357</u>
Net cash absorbed by operating activities		<u>(2,896,136)</u>	<u>(3,126,687)</u>
 Cash flows from investing activities			
Purchase of tangible fixed assets		(115,462)	(528,907)
Sale of tangible fixed assets		-	623
Interest received		<u>979</u>	<u>15,849</u>
Net cash from investing activities		<u>(114,483)</u>	<u>(512,435)</u>
 Decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of year	B	<u>5,096,221</u>	<u>8,735,343</u>
 Cash and cash equivalents at end of year	B	<u><u>2,085,602</u></u>	<u><u>5,096,221</u></u>

The notes form part of these financial statements

Genomics plc (Registered number: 08839972)

Notes to the Statement of Cash Flows
for the year ended 31 January 2018

A RECONCILIATION OF LOSS BEFORE TAXATION TO CASH ABSORBED BY OPERATIONS

	2018 £	2017 £
Loss before taxation	(3,651,374)	(3,522,190)
Depreciation charges	298,058	265,785
Profit on disposal of fixed assets	-	(37)
Share-based payment expense	13,247	108,248
Above the line R & D tax credit	(95,849)	(101,537)
Finance income	<u>(979)</u>	<u>(15,849)</u>
	(3,436,897)	(3,265,580)
(Increase)/decrease in trade and other debtors	(73,714)	60,529
Increase/(decrease) in trade and other creditors	<u>35,869</u>	<u>(285,993)</u>
Cash absorbed by operations	<u>(3,474,742)</u>	<u>(3,491,044)</u>

B CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 January 2018

	2018 £	2017 £
Cash and cash equivalents	<u>2,085,602</u>	<u>5,096,221</u>

Year ended 31 January 2017

	2017 £	2016 £
Cash and cash equivalents	<u>5,096,221</u>	<u>8,735,343</u>

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 31 January 2018

1. STATUTORY INFORMATION

Genomics plc is a private company, 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

Statement of compliance

The company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements for the year ended 31 January 2018.

Basis of preparation

The financial statements of Genomics plc were approved for issue by the Board of Directors on 31 May 2018. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in sterling which is the functional currency of the company and rounded to the nearest £. The financial statements are prepared using the historical cost basis.

At 31 January 2018 the company was making significant progress with its research and development and commercialisation activities. The company held cash of £2,085,602 at 31 January 2018, with these funds currently expected to cover the working capital requirements to July 2018. The directors are therefore in discussions with existing and new investors to secure further funds by July 2018. No formal terms have been agreed at this stage. The level of funding requested from the existing and new investors will be determined following completion of the initial discussions. However, the funding level requested will exceed the company's working capital requirements for at least the next 12 months from date of signing accounts.

If the funding is not forthcoming the company will not be able to meet its liabilities. The above circumstances give rise to a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern and that the company may, as a consequence, be unable to realise its assets and discharge its liabilities in the normal course of business.

Other discussions are ongoing with various pharmaceutical companies which may result in positive cash flows in the short-term.

The accounts have been prepared on going concern basis and do not include any adjustments that would be necessary if that basis were inappropriate.

Revenue

Revenue comprises income from the provision of contract services, net of VAT.

Services supplied to customers under contracts are recognised over the period of the contract based upon the level of completion of the work.

The difference between the amount of income recognised and the amount invoiced on a particular contract is included in the statement of financial position as deferred income. Amounts included in deferred income due within one year are expected to be recognised within one year and are included within current liabilities.

Notes to the Financial Statements - continued
for the year ended 31 January 2018

2. ACCOUNTING POLICIES - continued

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is charged so as to write off the costs of assets over their estimated useful lives, on the following basis:

Leasehold improvements - over the term of the lease on a straight-line basis

Plant and machinery - 20% on cost on a straight-line basis

Fixtures and fittings - 20% on cost on a straight-line basis

Computer equipment - 33% on cost on a straight-line basis

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Impairment of fixed assets

At each reporting date, the company reviews the carrying amounts of its fixed assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 statement of financial position date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position 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.

Notes to the Financial Statements - continued
for the year ended 31 January 2018

2. ACCOUNTING POLICIES - continued

Research and development

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible asset;
- the probability of future economic benefits;
- the reliable measurement of costs;
- the ability and intention of the company to use or sell the intangible asset.

Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit and are reviewed for an indication of impairment at each reporting date. Other development costs are charged against profit or loss as incurred since the criteria for their recognition as an asset are not met.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third-party cost. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

No development costs to date have been capitalised as intangible assets.

Foreign currencies

The financial statements are presented in Sterling, which is the currency of the primary economic environment in which the company operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated on foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined.

Leases

Rentals payable under operating leases are charged in the Income Statement on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis.

Pension costs and other post-retirement benefits

Contributions to defined contribution schemes are recognised in the Income Statement in the period in which they become payable.

Notes to the Financial Statements - continued
for the year ended 31 January 2018

2. ACCOUNTING POLICIES - continued

Financial assets and liabilities

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

(i) Trade debtors

Trade debtors are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the statement of profit or loss when there is objective evidence that the assets are impaired.

(ii) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(iii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

(iv) Trade creditors

Trade creditors are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

(v) Classification of financial instruments

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Notes to the Financial Statements - continued
for the year ended 31 January 2018

2. ACCOUNTING POLICIES - continued

Share based payments

Certain employees and consultants (including Directors and senior executives) of the company receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments of the company ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by the company, by reference to the fair value at the date on which they are granted. The fair value is determined by using an appropriate pricing model. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest in the parent company. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period with a corresponding credit arising in the profit and loss reserve.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Development expenditure

Development expenditure is capitalised in accordance with the accounting policy given above. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed. In determining the amounts to be capitalised management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. In addition, all internal activities related to research and development are continuously monitored by the Directors. To date, no development costs have been capitalised.

3. REVENUE

The revenue and loss before taxation are attributable to the one principal activity of the company.

An analysis of revenue by geographical market is given below:

	2018 £	2017 £
United States of America	<u>522,204</u>	<u>111,071</u>
	<u>522,204</u>	<u>111,071</u>

Genomics plc (Registered number: 08839972)

Notes to the Financial Statements - continued
for the year ended 31 January 2018

4. EMPLOYEES AND DIRECTORS

	2018	2017
	£	£
Wages and salaries	2,321,990	2,253,409
Social security costs	275,335	271,972
Other pension costs	84,840	74,482
	<u>2,682,165</u>	<u>2,599,863</u>

The average monthly number of employees during the year was as follows:

	2018	2017
Research and development	26	30
Administration	9	8
	<u>35</u>	<u>38</u>

A share-based payment expense of £13,247 (2017: £108,248) has been charged to the Income Statement which arises from transactions accounted for as equity settled share-based payment transactions.

Included in other pension costs is £84,840 (2017: £74,482) in respect of contributions to defined contribution schemes.

5. DIRECTORS' EMOLUMENTS

	2018	2017
	£	£
Directors' remuneration	295,583	266,250
Directors' pension contributions to money purchase schemes	<u>1,820</u>	<u>8,138</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	-----------------	-----------------

Information regarding the highest paid director is as follows:

	2018	2017
	£	£
Emoluments etc	130,000	156,250
Pension contributions to money purchase schemes	<u>-</u>	<u>8,138</u>

Included within directors' remuneration is £10,000 (2017: £10,000) which comprises amounts paid to a third party, IP2IPO Limited, for the provision of Dr Mark Warne's services as a director of Genomics plc.

Notes to the Financial Statements - continued
for the year ended 31 January 2018

6. OPERATING LOSS

The operating loss is stated after charging/(crediting):

	2018	2017
	£	£
Hire of plant and machinery	-	254
Other operating leases	210,341	210,205
Depreciation - owned assets	298,058	265,785
Profit on disposal of fixed assets	-	(37)
Auditors' remuneration	9,270	9,000
Foreign exchange differences	22,302	345
Research and development expenditure written off	2,364,409	2,492,652
Grants received	-	(734,563)
Employment allowance	<u>(3,000)</u>	<u>(3,000)</u>

7. TAXATION

Analysis of the tax credit

The tax credit on the loss for the year was as follows:

	2018	2017
	£	£
Current tax:		
UK corporation tax	<u>(482,757)</u>	<u>(196,592)</u>
Tax on loss	<u>(482,757)</u>	<u>(196,592)</u>

UK corporation tax has been charged at 19.16% (2017 - 20%).

Reconciliation of total tax credit included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2018	2017
	£	£
Loss before tax	<u>(3,651,374)</u>	<u>(3,522,190)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19.16% (2017 - 20%)	<u>(699,603)</u>	<u>(704,438)</u>
Effects of:		
Expenses not deductible for tax purposes	-	27,277
Deferred tax not provided	699,603	677,161
R & D tax credits receivable for prior periods	<u>(482,757)</u>	<u>(196,592)</u>
Total tax credit	<u>(482,757)</u>	<u>(196,592)</u>

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% took effect from 1 April 2017. A further reduction in the UK corporation rate to 19% to 17% is effective from 1 April 2020.

The company has tax losses arising in the UK of approximately £6,675,000 (2017: £4,753,000) that are available indefinitely for offset against future taxable profits or which can be offset against claims for research and development tax credits. Deferred tax assets have not been recognised in respect of these losses as there is no certainty that they may not be used to offset against future taxable profits for some time.

Notes to the Financial Statements - continued
for the year ended 31 January 2018

8. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 February 2017	379,572	1,950	108,714	690,232	1,180,468
Additions	<u>9,626</u>	<u>-</u>	<u>609</u>	<u>105,227</u>	<u>115,462</u>
At 31 January 2018	<u>389,198</u>	<u>1,950</u>	<u>109,323</u>	<u>795,459</u>	<u>1,295,930</u>
DEPRECIATION					
At 1 February 2017	38,680	390	21,419	251,178	311,667
Charge for year	<u>39,825</u>	<u>390</u>	<u>21,844</u>	<u>235,999</u>	<u>298,058</u>
At 31 January 2018	<u>78,505</u>	<u>780</u>	<u>43,263</u>	<u>487,177</u>	<u>609,725</u>
NET BOOK VALUE					
At 31 January 2018	<u>310,693</u>	<u>1,170</u>	<u>66,060</u>	<u>308,282</u>	<u>686,205</u>
At 31 January 2017	<u>340,892</u>	<u>1,560</u>	<u>87,295</u>	<u>439,054</u>	<u>868,801</u>

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade debtors	97,006	1,261
Other debtors	8,309	200
VAT	29,253	35,482
Prepayments	<u>144,752</u>	<u>168,663</u>
	<u>279,320</u>	<u>205,606</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £	2017 £
Trade creditors	24,332	78,938
Social security and other taxes	95,217	66,024
Other creditors	38,460	19,311
Accruals and deferred income	<u>66,581</u>	<u>24,448</u>
	<u>224,590</u>	<u>188,721</u>

11. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2018 £	2017 £
Within one year	275,265	275,265
Between one and five years	<u>518,625</u>	<u>793,890</u>
	<u>793,890</u>	<u>1,069,155</u>

Notes to the Financial Statements - continued
for the year ended 31 January 2018

11. LEASING AGREEMENTS - continued

Operating lease agreements where the company is lessee:

On 22 December 2015, the company entered into a new lease agreement in respect of its operating premises. This lease is for a 10-year period, effective from 13 November 2015 and ending on 12 November 2025. Annual rent of £210,000 is payable under this agreement, commencing on 1 January 2016, along with an annual service charge of £65,265. The lease contains a break clause at the end of the first 5 years. The minimum lease payments above are calculated up to the break point.

12. FINANCIAL INSTRUMENTS

Non-derivative financial assets

At the reporting date, the company held the following non-derivative financial assets:

	2018 £	2017 £
Due within 3 months:		
Cash and cash equivalents	2,085,602	5,096,221
Trade receivables	97,006	1,261
Other receivables	<u>37,562</u>	<u>35,682</u>
	<u><u>2,220,170</u></u>	<u><u>5,133,164</u></u>

Non-derivative financial liabilities

At the reporting date, the company held the following financial liabilities, all of which were classified as other non-derivative financial liabilities:

	2018 £	2017 £
Due within 3 months:		
Trade payables	24,332	78,938
Other payables	<u>133,677</u>	<u>85,335</u>
	<u><u>158,009</u></u>	<u><u>164,273</u></u>

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
5,049,254	Ordinary	1p	<u><u>50,493</u></u>	<u><u>50,493</u></u>

Notes to the Financial Statements - continued
for the year ended 31 January 2018

14. RESERVES

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

15. RELATED PARTY DISCLOSURES

During the year the company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, along with trading balances outstanding at 31 January with other related parties, are as follows:

	Purchases from related parties 2018 £	Amounts owed to related parties 2018 £	Purchases from related parties 2017 £	Amounts owed to related parties 2017 £
The University of Oxford	13,381	450	3,424	-
Oxford University Innovation Limited and The University of Oxford Consulting Limited	56,033	3,600	177,350	21,960
IP Group plc	10,385	-	10,631	3,095
IP Assist Services Ltd (formerly Techtran Group Limited)	-	-	602	-

The University of Oxford is a shareholder in the Genomics plc. The University of Oxford Consulting Limited and Oxford University Innovation Limited are connected companies of The University of Oxford.

IP Group plc is the parent company of IP2IPO Limited which is a shareholder in Genomics plc. IP Assist Services Limited is a company also connected to IP Group plc.

Terms and conditions of transactions with related parties:

Purchases between related parties are made on an arm's length basis. During the year ended 31 January 2018, the company has not made any provision for doubtful debts relating to amounts owed by related parties (2017: £nil).

Notes to the Financial Statements - continued
for the year ended 31 January 2018

16. SHARE-BASED PAYMENT TRANSACTIONS

Share options

The company has share option plans (The Genomics plc Unapproved Share Option Scheme and The Genomics plc Enterprise Management Incentive Share Option Scheme) under which it grants options over ordinary shares to certain Directors and employees of the company. Options under these plans are exercisable at a range of exercise prices ranging from the nominal value of the company's shares to the market price of the company's shares on the date of the grant. The vesting period for shares is usually over a period of three years. The options are settled in equity once exercised. If the options remain unexercised for a period after 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

The number and weighted average exercise prices of share options are as follows:

	EMI options	Unapproved options	Total	Weighted average exercise price per share (p)
At 31 January 2016	359,708	51,983	411,691	196.99
Granted during the period	4,452	218	4,670	255.00
Forfeited during the year	(12,352)	(24,641)	(36,993)	(255.00)
At 31 January 2017	351,808	27,560	379,368	192.04
Granted during the year	19,971	16,719	36,690	46.73
Forfeited during the year	(59,976)	-	(59,976)	(242.17)
At 31 January 2018	<u>311,803</u>	<u>44,279</u>	<u>356,082</u>	<u>168.63</u>

There were 289,591 share options outstanding at 31 January 2018 which were eligible to be exercised. The remaining options were not eligible to be exercised as these are subject to employment period conditions which had not been met at 31 January 2018. Options have a range of exercise prices ranging from nominal value to 255 pence per share and have a weighted contractual life of 7.41 years (2017: 7.62 years).

Option values were calculated using a Black-Scholes pricing model with the following assumptions:

	Options granted in the year
Dividend yield	0%
Expected volatility	40%
Option maturity period	10 years
Risk free interest rate	1.50%
Weighted average market price of a share	255.0p

Any share options which are not exercised within 10 years from the date of grant will expire. The company has recognised a charge of £13,247 (2017: £108,248) in the income statement in respect of share-based payments.