REGISTERED NUMBER: 08694350 (England and Wales)

Annual Report and

Consolidated Financial Statements for the Year Ended 31 December 2020

for

BioCity Group Limited

BioCity Group Limited

Contents of the Annual Report and Consolidated Financial Statements for the Year Ended 31 December 2020

BioCity Group Limited

Company Information
for the Year Ended 31 December 2020

DIRECTORS:	Dr J Brown D Abrams Dr G Crocker (Chair) P Oliver Professor K Shakesheff S Henderson Professor M J Biggs (resigned 30 June 2020) T Reid Dr R Todd N G Wright (appointed on 30 June 2020)
COMPANY SECRETARY:	J Anderson-Moore
REGISTERED OFFICE:	Pennyfoot Street Nottingham NG1 1GF United Kingdom
REGISTERED NUMBER:	08694350 (England and Wales)
STATUTORY AUDITOR:	Mazars LLP Statutory Auditor Park View House 58 The Ropewalk Nottingham NG1 5DW United Kingdom
SOLICITORS:	Geldards LLP The Arc Enterprise Way Nottingham NG2 1EN United Kingdom

BioCity Group Limited

Report of the Directors
for the Year Ended 31 December 2020

The Directors present their Annual Report on the affairs of the Company, together with the audited consolidated financial statements for the year ended 31 December 2020. A business review, details of future developments, principal risks and uncertainties and financial risk management objectives and policies can be found in the Group Strategic Report on pages 6 to 10 and these are incorporated into this report by cross-reference.

PRINCIPAL ACTIVITY

The principal activity of the Group is the incubation of early stage life science, healthcare and medical technology companies and the provision of seed level equity investment into such companies. The Company also invests in subsidiary undertakings as part of its principal activity.

GOING CONCERN

In the year, the Group made a loss attributable to the owners of the Company of £752,000 (2019: £571,000) but continues to be cash positive as at 31 December 2020. The Group has net current assets of £396,000 (2019: £2,591,000) and equity attributable to the owners of the Company of £3,669,000 (2019: £4,421,000). Included within cash is £945,000 (2019: £1,784,000) in relation to an exceptional receipt of £5,000,000 received from AstraZeneca (UK) Limited, a non-controlling shareholder of subsidiary Alderley Park Ventures Limited, at the end of 2014. The profit before investment income, other gains and losses, finance gains/(costs), tax, depreciation, amortisation and adjusted for exceptional items, being adjusted EBITDA, amounted to £1,360,000 (2019: £1,279,000). The Board anticipates adjusted EBITDA for 2021 will be similar to the adjusted EBITDA for 2020.

The Board has reviewed the Group's forecasts for a minimum period of twelve months from the date of the signing of these financial statements, taking due consideration of the associated risks and uncertainties, and is confident that the Group is in a satisfactory position. The Group continue to monitor closely the situation in relation to the current COVID-19 pandemic. The Group has assessed the potential impact of the COVID-19 pandemic under the current circumstances and believes it has sufficient working capital without impairing the Group's ability to service its customers. Having considered the factors above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly continue to adopt the going concern basis in preparing the financial statements.

DIVIDENDS

The Directors do not recommend the payment of a dividend (2019: £Nil).

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its Directors which were made during the year and remain in force at the date of this report.

FUTURE DEVELOPMENTS AND FINANCIAL RISK MANAGEMENT

Further detail on future developments and financial risk management are provided in the Group Strategic Report on pages 6 to 10.

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 January 2020 to the date of this report, unless otherwise stated:

Dr J Brown
D Abrams
Dr G Crocker (Chair)
P Oliver
Professor K Shakeshcff
S Henderson
Professor M J Biggs (resigned 30 June 2020)
T Reid
R Todd
Professor N G Wright (appointed 30 June 2020)

BOARD AND COMMITTEE MEETINGS

The Board holds formal meetings on a bi-monthly basis, with further meetings being called when circumstances or urgent business dictate. Additional meetings may be held via conference call.

The Board met 6 times during the year. Details of Directors' attendance at these meetings and meetings of the Board's sub-Committees are set out below. In the event that a director is unavailable to attend a Board meeting, or to attend by telephone link, he or she will communicate their views on items to be raised at the meeting through the Chairman.

	The Board	Audit Committee	Remuneration Committee
Director	Meetings attended/(held) whilst the Director was a Board Member	Meetings attended/(held)	Meetings attended/(held)
Dr J Brown	6 (6)	N/A	N/A
D Abrams	6 (6)	2(2)	N/A
Dr G Crocker	6 (6)	N/A	N/A
P Oliver	6 (6)	N/A	N/A
Professor K M Shakesheff	5 (6)	N/A	1 (1)
S Henderson	6 (6)	2(2)	1 (1)
Professor M J Biggs	1 (2)	N/A	N/A
T Reid	6 (6)	N/A	N/A
R Todd	6 (6)	2(2)	N/A
Professor N G Wright	3(4)	N/A	1(1)

BioCity Group Limited

Report of the Directors - continued
for the Year Ended 31 December 2020

AUDITOR
Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Mazars LLP have expressed their willingness to continue in office as auditor and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board of Directors
and signed on its behalf by:

....
T Reid - Director

Date: 24 March 2021

Pennyfoot Street
Nottingham
NG1 1GF
United Kingdom

BioCity Group Limited

Directors' Responsibilities Statement for the Year Ended 31 December 2020

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare such financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the accounts 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, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

BioCity Group Limited

Group Strategic Report for the Year Ended 31 December 2020

In preparing this Strategic Report, the Directors have complied with s414c of the Companies Act 2006.

ABOUT BIOCITY

The BioCity Group (BioCity Group Limited and all its subsidiary companies) is the largest life science incubator business in the UK. The Group currently operates three sites, which are all based in the United Kingdom; two in Nottingham (BioCity Nottingham and MediCity Nottingham) and one in Scotland (BioCity Scotland). Collectively, the three sites offer over 300,000 square feet of laboratory, office and meeting room space. BioCity also runs accelerator programmes at several sites across the UK, which offer dedicated business coaching and mentoring for life science, healthcare and medical technology businesses.

BioCity develops new businesses and provides them with the specialist facilities, support services and business advice they need, in an environment that maximises their likelihood of success.

BioCity has made a number of seed and early-stage investments in selected opportunities from its own cash reserves and through the Alderley Park Venture Fund, which is managed by the Group and which invests using funds contributed by AstraZeneca (UK) Limited. The Group receives a 2% management fee and a 20% carried interest in investments made through the Alderley Park Venture Fund on a deal-by-deal basis.

STRATEGY

BioCity's vision is to be the UK leader in the development, funding and incubation of life science, healthcare and medical technology businesses. To achieve this vision, BioCity's strategy is focused on the following two key elements:

1) Growing the profitability of our core business by increasing and maintaining occupancy across all sites and opening new sites in key strategic locations within the UK; and

2) Growing BioCity's ability to help build successful life science companies by expanding our company development and investment activity.

BUSINESS MODEL

The Group believes its unique business model allows it to ultimately achieve its strategy. The business model consists of three distinct elements; developing, growing and investing in life science, healthcare and medical technology businesses.

Developing - *Using our expertise to support the creation and development of early-stage businesses*
The Group deploys skilled teams to develop new businesses by working with entrepreneurs in a variety of ways including structured programmes which are delivered across all of the UK. Through an established network of contacts in academic, NHS and corporate bodies, the Group is able to increase the speed at which new companies can flourish. This activity helps to build a pipeline of tenant companies as well as providing a deep insight into their businesses and management teams, which is invaluable for investment purposes.

Growing - *Providing facilities and services to support company growth*
The Group provides laboratory, office and meeting room facilities for life science, healthcare and medical technology companies. The Group also undertakes certain specialist laboratory services and provides access to laboratory equipment, enhancing the capital efficiency of the companies located at a Group site. Revenue from the provision of facilities and services accounts for the majority of the Group's total revenue. The concentration of life science, healthcare and medical technology companies at all Group sites is intended to facilitate accelerated growth of these companies through networking, collaboration and support, with the aim of these companies taking on more facilities and generating more revenue for the Group. The provision of facilities and services gives the Group a solid and sustainable source of revenue, as laboratories, offices and laboratory services are a necessity for those companies based at our sites.

Investing - *Selective investment in companies to support their long-term growth and to increase value for BioCity*
The Group invests in life science, healthcare and medical technology companies, providing a valuable source of funding to these businesses. The Group has strict investment criteria that it adheres to and the Group only invests in companies with the intention of making a return on its investment at a future date. The majority of the Group's investments will be in relation to those companies located at a Group site, where the Group is able to facilitate their growth and is able to closely monitor their progress.

BUSINESS REVIEW
The Directors rigorously monitor the performance of the business using, amongst other indicators, the key performance indicators as set out in the table below:

Key performance indicators	2020	2019	2018	2017
Income (1)	£9.915m	£10.131m	£9.277m	£9.334m
Adjusted EBITDA (2)	£1.360m	£1.279m	£0.879m	£0.873m
Free cash flow (3)	£2.091m	£2.192m	£0.223m	£0.363m

(1) Income is defined as the total of revenue and grant income.
(2) Adjusted EBITDA is defined as earnings before investment income, other gains and losses, finance gains/(costs), tax, depreciation, amortisation and adjusted for exceptional items.
(3) Free cash flow is defined as net cash flow from operations.

Income is defined as the total of revenue and grant income. Overall, income decreased by £216k (2%) in 2020. Income from licence fees accounts for 79% of all income (2019: 72%), providing a reliable and sustainable source of income to the Group. The Group accesses grant funding to support its Company development activities wherever possible and strategically appropriate. Grant income of £430,000 (2019: £461,000) constitutes 4% (2019: 5%) of total income.

Adjusted EBITDA is a measure of the Group's underlying operating performance. As shown on the face of the Consolidated Statement of Comprehensive Income, adjusted EBITDA is calculated by adjusting the Group's operational result for non-cash and exceptional items and is defined as earnings before investment income, other gains and losses, finance gains/(costs), tax, depreciation, amortisation and adjusted for exceptional items. Adjusted EBITDA of £1,360,000 has increased from the prior year (2019: £1,279,000).

Free cash flow is a measure of the cash investment required to support the Group's operations and it is defined as the net cash flow from operations. Free cash flow of £2,091,000 in 2020 (2019: £2,192,000) was affected by a large positive working capital movement of £731,000 (2019: £913,000).

Cash and cash equivalents at 31 December 2020 are £2,983,000 (31 December 2019: £4,499,000), resulting in total cash outflows of £1,516,000 (2019: inflow of £1,174,000). This cash decrease is primarily due to the Group purchasing trade investments totalling £1,892,000 during the year. Within cash and cash equivalents of £2,983,000 at 31 December 2020 (31 December 2019: £4,499,000), a balance of £945,000 (31 December 2019: £1,784,000) relates to the cash received from AstraZeneca which is solely for the purposes of investing in third-party companies.

The carrying value of the Group's investments at 31 December 2020 was £7,105,000 (31 December 2019: £5,496,000). The value of the Group's investments increased during 2020 by £1,609,000 (2019: £1,836,000). This increase was due to investments in third-party companies during the year of £1,893,000, disposals of £390,000 and movements in fair value of £106,000.

FUTURE DEVELOPMENTS
Revenue and costs for 2021 are expected to increase slightly compared to 2020. The Group expects existing tenant companies to take on more space and the Group expects to attract new tenant companies to its sites during 2021. The Group also expects costs to increase with inflation. Overall, the Group anticipates adjusted EBITDA for 2021 will be similar to the adjusted EBITDA for 2020.

BioCity Group Limited

Group Strategic Report - continued
for the Year Ended 31 December 2020

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's ability to meet its goals and objectives may be affected by a number of risks and uncertainties relating to the strategy, business model and operating environment. The Directors consider the following risks to be the principal risks attributable to the Group. These risks are not a complete list of all the risks facing the Group and the Group's performance may be affected by changes in market and/or economic conditions and changes in legal, regulatory or tax legislation. Additional risks and uncertainties not presently known to the Group or risks currently deemed immaterial may also impact the Group's performance.

Key customer dependency risk

The Group have a number of important customers, and the loss of any of these customers could have a material impact on the Group's future profitability and growth. The Group seeks to mitigate this risk by close monitoring of occupancy forecasts, business development activities to develop and maintain a pipeline of new occupants and through maintenance of reserve funds. It is anticipated that as the Group grows and increases the number of customers it serves, the Group's exposure to this risk will lessen over time.

Liquidity risk

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group focusses on central cost control and closely monitors the cash available to the Group, which is invested in a mixture of current accounts and highly liquid cash deposits.

Competition risk

The industry within which the Group operates has relatively high barriers to entry, but it is still possible a competitor could enter the market and increase supply locally, possibly ahead of demand. This is a particular risk in locations where government intervention is prevalent. This could have a material impact on the Group's future revenues and costs. To mitigate this risk the Directors are closely involved with organisations and committees that may impact future developments of science-related accommodation at locations where the Group's operations are based.

Funding risk

A reduction in the levels of funding available for early-stage companies could significantly reduce the growth of the new tenant pipeline available to the Group and could impact on existing tenants' ability to grow or continue in operation. To mitigate this risk the Directors are closely involved with organisations and committees that may impact future developments of science-related accommodation at locations where the Group's operations are based and which are focused on new sources of investment available to companies.

Investment risk

The Group invests in early-stage companies and failure of these investments could impact the Group's future profitability and growth. The Directors manage this risk by maintaining a diversified portfolio of investments and by maintaining clear investment criteria by which the Group determines whether it should invest in a company. Most of these investments are in companies that have either been through one of the Group's development programmes, or are companies based at a BioCity site. This allows the Group to undertake significant 'real-time' due diligence on a regular basis before any investment is made in a company.

Business interruption risk

A significant and prolonged disruption to any of the Group's facilities could result in a substantial loss of income, increased costs, loss of tenants or potential litigation from tenants. The Directors manage this risk by ensuring a comprehensive preventative maintenance programme is in place for all sites and the Group has adequate insurance cover, subject to certain exclusions and deductibles, against the usual insurable perils, such as property damage and other business interrupting events.

Coronavirus
The Directors have considered the potential impact on the COVID-19 pandemic. The Group's customers predominantly operate in the life science, healthcare and medical technology sectors, which are considered more resilient in times of recession due to the nature of their funding and a reduced volume of direct to consumer transactions. Additionally, many of the Group's customers provide services to the pharmaceutical sector which similarly tends to be less impacted in times of recession as Governments, healthcare providers and other key stakeholders continue to purchase these products. Based on its assessment the Group considers that it has adequate resources to continue in operational existence over the period of the going concern statement.

Brexit
The Group's business is entirely focused on the UK domestic market and as such, the Group does not have any significant trade of goods and services with companies outside of the UK. The Directors have been carefully monitoring the UK's withdrawal from the European Union, considering all factors which might impact the business. The Directors consider the direct impact of Brexit to be a low risk to the Group, although the Group's customers may experience a greater impact on their businesses from Brexit.

FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES
The Group is exposed to interest rate changes as some of its cash is held at floating rates.

The Group manages its credit risk by having many customers; invoicing and receiving payments in advance on fixed-recurring revenue; maintaining strong credit control and continually monitoring outstanding debtors.

Liquidity risk is managed by keeping sufficient cash in bank accounts to maintain day-to-day operations.

The Group does not use derivative financial instruments.

The Group's activities expose it to a number of financial risks including cash flow risk, credit risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Cash flow risk
The Group's activities expose it primarily to the financial risks of changes in rates.

Interest bearing assets and liabilities are primarily held at fixed rate to ensure certainty of cash flows.

Credit risk
The Group's principal financial assets are bank balances and cash, trade and other receivables, and investments.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the Balance Sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk
In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Further details regarding liquidity risk can be found in the notes to these financial statements.

BioCity Group Limited

Group Strategic Report - continued
for the Year Ended 31 December 2020

EMPLOYEES

The Group is an equal opportunities employer and promotes diversity through the selection, training, development and promotion of employees. The Group does not differentiate on grounds of gender, ethnicity, sexual orientation, religion or physical ability. For the year ended 31 December 2020, the Group employed an average of 53 (2019: 59) employees including its Executive Directors. A breakdown of Directors and employees by gender is shown in the table below. N G Wright was appointed on 30 June 2020 and at the balance sheet date, the Group had 9 directors, of which 1 was female and 8 were male.

	Male	Female	Total
Board of Directors	8	1	9
Employees	19	34	53

Approved by the Board of Directors
and signed on its behalf by:

....
T Reid - Director

Date: 24 March 2021

Pennyfoot Street
Nottingham
NG1 1GF
United Kingdom

Independent Auditor's Report to the Members of
BioCity Group Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of BioCity Group Limited (the 'parent company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheet, the Consolidated and Company Statement of Changes in Equity, the Consolidated and Company Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2020 and of the group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and;
- the parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Strategic Report and Directors' Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent Auditor's Report to the Members of
BioCity Group Limited

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In light of the knowledge and understanding of the Group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

Responsibilities of Directors
As explained more fully in the Directors' Responsibilities Statement set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the parent 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 the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements
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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Group and the parent company and their industry, we identified that the principal risks of non-compliance with laws and regulations related to the UK tax legislation, pensions legislation, employment regulation and health and safety regulation, anti-bribery, corruption and fraud, money laundering, non-compliance with implementation of government support schemes relating to COVID-19, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements, such as the Companies Act 2006.

We evaluated the Directors' and management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

<u>**Independent Auditor's Report to the Members of**</u>
<u>**BioCity Group Limited**</u>

Auditor's responsibilities for the audit of the financial statements (continued)
Our audit procedures were designed to respond to those identified risks, including non-compliance with laws and regulations (irregularities) and fraud that are material to the financial statements. Our audit procedures included but were not limited to:

- Discussing with the Directors and management their policies and procedures regarding compliance with laws and regulations;
- Communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and the parent company which were contrary to applicable laws and regulations, including fraud.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- *Gaining an understanding of the internal controls established to mitigate risks related to fraud;*
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

A further 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 auditor's report.

Use of the audit report
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.

Alistair Wesson (Mar 26, 2021 08 16 GMT)

Alistair Wesson (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Park View House
58 The Ropewalk
Nottingham
NG1 5DW
United Kingdom

Date: 26 March 2021

BioCity Group Limited

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2020

	Note	2020 £'000	2019 £'000
Revenue	2	9,485	9,670
Grant income	2	430	461
Administrative expenses		(9,760)	(10,094)
		155	37
Adjusted EBITDA*		1,360	1,279
Depreciation	3	(1,205)	(1,242)
OPERATING PROFIT		155	37
Investment income	4	53	30
Other gains and losses	5	122	712
Finance costs	6	(1,234)	(1,248)
LOSS BEFORE TAXATION	3	(904)	(469)
Taxation	8	27	18
LOSS FOR THE FINANCIAL YEAR, BEING TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR		(877)	(451)
Attributable to:			
Owners of the Company		(752)	(571)
Non-controlling interests		(125)	120
		(877)	(451)

All results are derived from continuing operations.

* Earnings before investment income, other gains and losses, finance gains / (costs), tax, depreciation, amortisation and adjusted for exceptional items.

BioCity Group Limited

Consolidated Balance Sheet
As at 31 December 2020

	Note	2020 £'000	2019 £'000
ASSETS			
Property, plant and equipment	9	22,728	23,746
Investments	10	7,105	5,496
NON-CURRENT ASSETS		29,833	29,242
Trade and other receivables	11	1,189	1,564
Cash and cash equivalents	12	2,983	4,499
CURRENT ASSETS		4,172	6,063
TOTAL ASSETS		34,005	35,305
LIABILITIES			
Trade and other payables	13	(2,668)	(2,364)
Deferred revenue	14	(174)	(169)
Borrowings	15	(934)	(939)
CURRENT LIABILITIES		(3,776)	(3,472)
Borrowings	15	(24,431)	(25,131)
Deferred tax liability	18	-	(27)
NON-CURRENT LIABILITIES		(24,431)	(25,158)
TOTAL LIABILITIES		(28,207)	(28,630)
NET ASSETS		5,798	6,675
EQUITY			
Share capital	19	224	224
Share premium	19	2,758	2,758
Other reserves	19	1,256	1,256
Merger reserve	19	(2,986)	(2,986)
Profit and loss account	19	2,417	3,169
Non-controlling interest		2,129	2,254
TOTAL EQUITY		5,798	6,675
Attributable to			
Owners of the Company		3,669	4,421
Non-controlling interest		2,129	2,254
		5,798	6,675

The financial statements of BioCity Group Limited (registered number: 08694350), were approved and authorised for issue by the Board of Directors on 24 March 2021and were signed on its behalf by:

....

T Reid - Director

BioCity Group Limited

Company Balance Sheet
As at 31 December 2020

ASSETS	Note	2020 £'000	2019 £'000
Property, plant and equipment	9	17,024	17,758
Investments	10	2,755	2,755
NON-CURRENT ASSETS		19,779	20,513
Trade and other receivables	11	3,084	2,535
Cash and cash equivalents	12	1,844	2,439
CURRENT ASSETS		4,928	4,974
TOTAL ASSETS		24,707	25,487
LIABILITIES			
Trade and other payables	13	(1,738)	(1,548)
Deferred revenue	14	(53)	(39)
Borrowings	15	(567)	(460)
CURRENT LIABILITIES		(2,358)	(2,047)
Borrowings	15	(20,846)	(21,173)
Deferred tax liability	18	-	(27)
NON-CURRENT LIABILITIES		(20,846)	(21,200)
TOTAL LIABILITIES		(23,204)	(23,247)
NET ASSETS		1,503	2,240
EQUITY			
Share capital	19	224	224
Share premium	19	2,758	2,758
Profit and loss account	19	(1,479)	(742)
TOTAL EQUITY		1,503	2,240
Attributable to *Owners of the Company*		1,503	2,240

In accordance with Section 408 of the Companies Act 2006, the Income Statement of the Parent Company is not presented. The Parent Company's retained loss after exceptional items and tax for the financial year amounted to £737,000 (2019: loss £511,000).

The financial statements of BioCity Group Limited (registered number: 08694350) were approved and authorised for issue by the Board of Directors on 24 March 2021and were signed on its behalf by:

....
T Reid - Director

BioCity Group Limited

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £'000	Share premium £'000	Other reserves £'000	Merger reserve £'000
Balance at 1 January 2019	224	2,758	1,256	(2,986)
Loss for the year	-	-	-	-
Total comprehensive loss	-	-	-	-
Balance at 31 December 2019	224	2,758	1,256	(2,986)
Loss for the year	-	-	-	-
Total comprehensive loss	-	-	-	-
Balance at 31 December 2020	224	2,758	1,256	(2,986)

	Profit and loss account £'000	Equity holders £'000	Non-controlling interest £'000	Total £'000
Balance at 1 January 2019	3,740	**4,992**	2,134	**7,126**
(Loss)/profit for the year	(571)	**(571)**	120	**(451)**
Total comprehensive loss	(571)	**(571)**	120	**(451)**
Balance at 31 December 2019	3,169	**4,421**	2,254	**6,675**
Loss for the year	(752)	**(752)**	(125)	**(877)**
Total comprehensive loss	(752)	**(752)**	(125)	**(877)**
Balance at 31 December 2020	2,417	**3,669**	2,129	**5,798**

BioCity Group Limited

Company Statement of Changes in Equity for the Year Ended 31 December 2020

	Share capital £'000	Share premium £'000	Profit and loss account £'000	Total £'000
Balance at 31 January 2019	224	2,758	(231)	**2,751**
Loss for the year	-	-	(511)	**(511)**
Total comprehensive loss	-	-	(511)	**(511)**
Balance at 31 December 2019	224	2,758	(742)	**2,240**
Loss for the year	-	-	(737)	**(737)**
Total comprehensive loss	-	-	(737)	**(737)**
Balance at 31 December 2020	224	2,758	(1,479)	**1,503**

BioCity Group Limited

Consolidated Cash Flow Statement
for the Year Ended 31 December 2020

	Note	2020 £'000	2019 £'000
Operating profit		155	37
Depreciation	9	1,205	1,242
Operating cash flows before movements in working *capital*		1,360	1,279
Decrease in trade and other receivables		420	746
Increase in trade and other payables		306	141
Increase in deferred revenue		5	26
Cash generated from operations		2,091	2,192
Cash flows from investing activities			
Purchase of property, plant and equipment		(227)	(309)
Purchase of trade investments		(1,892)	(1,296)
Interest received		15	18
Proceeds of disposal of trade investments		379	147
Proceeds of disposal of non capitalised assets		29	30
Net cash outflow from investing activities		(1,696)	(1,410)
Cash flows from financing activities			
Loans advanced		-	2,000
Repayment of loans		(688)	(514)
Interest paid		(1,223)	(1,094)
Net cash (outflow) / inflow from financing activities		(1,911)	392
(Decrease) / increase in cash and cash equivalents		(1,516)	1,174
Cash and cash equivalents at beginning of year		4,499	3,325
Cash and cash equivalents at end of year	12	2,983	4,499

BioCity Group Limited

Company Cash Flow Statement
for the Year Ended 31 December 2020

	Note	2020 £'000	2019 £'000
Operating profit		275	476
Depreciation	9	830	831
Operating cash flows before movements in working capital		1,105	1,307
(Increase) / decrease in trade and other receivables		(548)	17
Increase in trade and other payables		210	66
Increase / (decrease) in deferred revenue		14	(3)
Cash used in operations		781	1,387
Cash flows from investing activities			
Purchase of property, plant and equipment		(121)	(91)
Purchase of trade investments		-	(620)
Proceeds of disposal of non capitalised assets		7	8
Interest received		8	3
Net cash outflow from investing activities		(106)	(700)
Cash flows from financing activities			
Loans advanced		-	2,000
Repayment of loans		(231)	(54)
Interest paid		(1,039)	(859)
Net cash (outflow) / inflow from financing activities		(1,270)	1,087
(Decrease) / increase in cash and cash equivalents		(595)	1,774
Cash and cash equivalents at beginning of year		2,439	665
Cash and cash equivalents at end of year	12	1,844	2,439

BioCity Group Limited

Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2020

1. SIGNIFICANT ACCOUNTING POLICIES

General information and accounting convention
BioCity Group Limited (the Company) is a Company limited by shares incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private Company and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

The nature of the Company's operations and its principal activities are set out in the Report of the Directors on pages 2 to 4.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates and figures have been presented to the nearest thousand.

Basis of preparation
The consolidated financial statements and the financial statements of the Parent Company have been prepared in accordance with the Companies Act 2006 and IFRSs and related interpretations as adopted by the European Union.

The separate financial statements of the Company are presented as required by the Companies Act 2006 and have been prepared in accordance with IFRSs as adopted by the European Union. The Company is taking advantage of the exemption in section 408 of the Companies Act 2006 not to present its individual Statement of Comprehensive Income and the related notes that form a part of these approved financial statements. The Parent Company loss for the year ended 31 December 2020 is £737,000 (2019:£511,000).

The financial statements have been prepared on the historical cost basis, revised for use of fair values where required by applicable IFRS. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if a market participant would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value measurements and/or disclosures in these consolidated financial statements are determined on such basis, except for share-based payment transactions that are within the scope of IFRS 2, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

The principal accounting policies adopted are set out below.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of consolidation - continued

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the Consolidated Statement of Comprehensive Income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the owners of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling owners that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Merger reserve and merger accounting principles
Business combinations are dealt with under IFRS 3. IFRS 3 however does not apply to Group reconstructions. BioCity Group Limited was incorporated and inserted into the group as an intermediary holding company, on 1 August 2015. The trade, assets and liabilities of the BioCity Group were transferred to BioCity Group Limited, however, as the majority of shareholders before and after the transaction remained the same the transaction is therefore a Group reconstruction.

There is currently no specific guidance on accounting for Group reconstructions such as this transaction under IFRSs. In the absence of specific guidance, entities should select an appropriate accounting policy and IFRS permits the consideration of pronouncements of other standard-setting bodies. This Group reconstruction as scoped out of IFRS 3 has therefore been accounted for using merger accounting principles in accordance with UK GAAP. Merger accounting is a technique used in preparing consolidated accounts resulting in the following practical effects;

- No amount is recognised as consideration for goodwill or negative goodwill;
- The consolidated Statement of Comprehensive Income includes the profits of each Company in the Group for the entire period, regardless of the date of the reconstruction, and the comparative amounts in the consolidated financial statements are restated to the aggregate of the amounts recorded by the Group, as if it has always been in existence;
- The profit and loss account reserve includes the cumulative results of the Group, regardless of the date of the reconstruction, and the comparative amounts in the Balance Sheet are restated to the aggregate of the profit and loss account reserves recorded by the Group; and
- A merger reserve is created being the premium on equity consideration used in the acquisition of the trade, assets and liabilities of BioCity Nottingham Limited, by BioCity Group Limited in 2015 plus cumulative profits or losses attributable to equity holders of the Group as at the combination date.

The effect of using merger accounting principles on share capital and share premium is that the capital and share premium that existed as at the point BioCity Group Limited acquired the trade, assets and liabilities of BioCity Nottingham Limited is accounted for as if it had been in existence as at the opening balance sheet date (1 January 2015).

Going concern
In the year, the Group made a loss attributable to the owners of the Company of £752,000 (2019: £571,000) but continues to be cash positive as at 31 December 2020. The Group has net current assets of £396,000 (2019: £2,591,000) and equity attributable to the owners of the Company of £3,669,000 (2019: £4,421,000). Included within cash is £945,000 (2019: £1,784,000) in relation to an exceptional receipt of £5,000,000 received from AstraZeneca (UK) Limited, a non-controlling shareholder of subsidiary Alderley Park Ventures Limited, at the end of 2014. The profit before investment income, other gains and losses, finance gains/(costs), tax, depreciation, amortisation and adjusted for exceptional items, being adjusted EBITDA, amounted to £1,360,000 (2019: £1,279,000). The Board anticipates adjusted EBITDA for 2021 will be similar to the adjusted EBITDA for 2020.

The Board has reviewed the Group's forecasts for a minimum period of twelve months from the date of the signing of these financial statements, taking due consideration of the associated risks and uncertainties, and is confident that the Group is in a satisfactory position. The Group continues to monitor closely the situation in relation to the current COVID-19 pandemic. The Group has assessed the potential impact of the COVID-19 pandemic under the current circumstances and believes it is has sufficient working capital without impairing the Group's ability to service its customers. Having considered the factors above, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and accordingly continue to adopt the going concern basis in preparing the financial statements.

Property, plant and equipment
Assets are stated at cost, net of depreciation and any provision for impairment. Assets gifted to the Company in 2012 were recorded in the Balance Sheet at the market value at the date the assets were gifted, this being the deemed cost.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

The gain was recognised through the Statement of Comprehensive Income.

Property, plant and equipment is derecognised in the Consolidated and Company Balance Sheet on disposal.

Grants received for the purchase of property, plant and equipment are deducted from the gross cost of the assets acquired.

Depreciation
Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land	Not depreciated
Freehold buildings	5% per annum straight line
Leasehold improvements	5% to 10% per annum straight line
Right-of-use assets	over the term of the lease
Plant and machinery	10% to 33% per annum straight line
Fixtures and fittings	10% per annum straight line
Equipment	10% to 33% per annum straight line

Leases
The Group as lessee
In accordance with IFRS 16, the Group recognises right-of-use assets under lease agreements in which it is the lessee. The underlying assets relate to property or equipment. The right-of-use assets comprise the initial measurement of the corresponding lease liability and payments made at or before the commencement day as well as any initial direct costs. Furthermore, lease incentives are recognised separately and amortised during the lease term. The corresponding lease liability is included in the Balance Sheet as a lease liability. Existing lease liabilities have been reclassified from borrowings to finance lease liabilities into the new separate line item lease liability where relevant.

The right-of-use asset will be depreciated over the lease-term and if necessary impaired in accordance with applicable standards. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (application of the effective interest method) and by reducing the carrying amount to reflect the lease payments made. No modification or reassessments of the lease liability have been made during the reporting period.

Pension costs
The Group operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Group. The annual contributions payable are charged to the Consolidated Statement of Comprehensive Income.

Borrowing costs
Borrowing costs relating to loans are recognised in the Consolidated Statement of Comprehensive Income in the period in which they are incurred.

Foreign currency
The Group's functional and reporting currency is sterling.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Consolidated Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Balance Sheet Date.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Balance Sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the Balance Sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Grants

Grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are deducted from the gross cost amount of the asset acquired.

Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in the Consolidated Statement of Comprehensive Income in the period in which they become receivable.

1. **SIGNIFICANT ACCOUNTING POLICIES - continued**

Financial instruments
Financial assets and financial liabilities are recognised in the Group's Balance Sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are measured initially at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets
All purchases or sales of financial assets are recognised and derecognised on a trade date basis where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets held by the Group are classified as either fair value through profit or loss, or as loans and trade receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition.

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in the Consolidated Statement of Comprehensive Income.

Investment valuation
Fair value is the price that would be received to sell as asset in an orderly transaction between market participants at a specific point in time.

The fair value of each investment held by the Group is assessed at the Group's financial year end date (currently 31 December) and at various points during each financial year when deemed appropriate.

Quoted investments
The fair values of quoted investments are based on bid process at the reporting date.

Unquoted investments
The fair value of unquoted investments is established using the International Private Equity and Venture Capital Valuation Guidelines. The valuation methodology most commonly used by the Group is 'price of recent investment', which can be either the 'price of recent funding round' or 'cost' in the case of a new direct investment.

Given the nature of the Group's investments in early-stage companies, where there are often no current and no visible short-term future earnings or positive cash flows, it can be difficult to gauge the probability and financial impact of the success or failure of commercial development or research activities and to make reliable cash flow forecasts. Consequently, the most appropriate approach to determine fair value is a methodology that is based on observable market data, that being the price of a recent investment.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Unquoted investments - continued

The Group considers that fair value estimates that are based entirely on observable market data will be of greater reliability than those based on assumptions and accordingly, where there has been any recent investment by third parties, the price of that investment will generally provide a basis for the valuation. Where the investment being valued was itself made recently, its cost will generally provide a good indication of fair value unless there is objective evidence that the investment has since has been impaired, such as observable data suggesting a deterioration of the financial, technical or commercial performance of the underlying business.

If there is no readily ascertainable value from following the 'price of recent investment' methodology, the Group considers alternative methodologies, which are referred to in the IPEVCV guidelines, being principally financial measures ('enterprise values'), such as trading and profitability expectations and prices of comparable recent transactions where such information is available, reliable and relevant, requiring the Directors to make assumptions over the timing and nature of future revenues when calculating fair value. Where a fair value cannot be estimated reliably, the investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has since become impaired.

Impairment of financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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.

Impairment losses on continuing operations are recognised in the Consolidated Statement of Comprehensive Income in those categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Consolidated Statement of Comprehensive Income unless the asset is carried at the re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Financial liabilities
All financial liabilities are initially measured at fair value and, if material, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and amounts paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

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 Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity

Cash and cash equivalents
Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Revenue
Revenue is measured in accordance with the relevant accounting standards. For all contracts within the scope of IFRS 15, the Group determines whether enforceable rights and obligations have been created with the customer and recognises revenue based on the total transaction price as estimated at the contract inception, being the amount which the Group expects to be entitled and has present enforceable rights under the contract. Revenue is allocated proportionally across the contract performance obligations and recognised either over time or at a point in time as appropriate.

Revenue included in the Consolidated Statement of Comprehensive Income represents amounts invoiced during the year, exclusive of Value Added Tax. Revenue attributable to licence fees, facility services and business support services are recognised on a monthly basis and are accrued or deferred as necessary.

Trade receivables
Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. A provision for impairment of trade receivables is recognised on trade receivables if there is considered to be expected credit losses. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. Losses arising from impairment are recognised in the Consolidated Statement of Comprehensive Income in other operating expenses.

Exceptional items
Exceptional items, which are presented on the face of the Consolidated Statement of Comprehensive Income, are those material items of operational income and expenditure which, because of their nature and expected infrequency of the events giving rise to them, merit separate presentation to allow users of the accounts to better understand the elements of financial performance in the year, so as to facilitate comparison with prior periods and the assessment of trends in financial performance.

1. SIGNIFICANT ACCOUNTING POLICIES - continued

Share-based compensation
The Group operates a share option scheme for certain employees of the Group. In accordance with IFRS 2, for all grants of share options and awards, the cost of equity-settled transactions is measured by reference to their fair value at the date at which they are granted. The Black-Scholes model is used to determine the fair value of options granted.

The cost of equity-settled share transactions is recognised, together with a corresponding increase in equity, over the period until the award vests. 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 conditions are satisfied. At each reporting date, the cumulative expense recognised for equity-based transactions reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors at that date, will ultimately vest.

Critical accounting judgements and key sources of estimation uncertainty
In the application of the Group's accounting policies, which are described in note 1, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The Directors have identified two matters which involve critical accounting judgement or key sources of estimation uncertainty. These relate to the use of estimates and judgements in determining the fair value of investments and the assumptions used in determining the appropriateness of the going concern statement. The approach to both areas is disclosed in the accounting policies noted above.

Adoption of new International Financial Reporting Standards

Application of new and revised International Financial Reporting Standards ("IFRSs")

The following new and amended IFRSs are effective for the 2020 Financial Statements. The adoption of these Standards has not had any material impact on the disclosures or on the amounts reported in the Group's or the Parent Company's Financial Statements.

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1
- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 16 COVID-19 Related Rent Concessions

As at 31 December 2020, the Group has not applied the following new and revised IFRSs that have been issued but are not yet effective and in some cases have not yet been adopted by the EU:

- Amendments to IFRS 9, IAS 39, IFRS 16, IFRS 4, IFRS 7 Interest Rate Benchmark Reform – Phase 2[1]
- Amendments to IFRS 4 Extension of the Temporary Exemption from applying IFRS 9[1]
- Annual Improvements to IFRS Standards 2018-2020[2]
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use[2]
- Amendments to IAS 37 Onerous Contracts: Cost of Fulfilling a Contract[2]
- Amendments to IFRS 3 Reference to the Conceptual Framework[2]

1 Effective for annual periods commencing on or after 1 January 2021
2 Effective for annual periods commencing on or after 1 January 2022

2. REVENUE

Revenue

Revenue represents amounts invoiced to third parties, derived from the Group's principal activity being the incubation of early stage bioscience and medical technology companies.

Revenue by category	2020 £'000	2019 £'000
Licence fees	7,844	7,274
Facility services	829	1,244
Business support services	812	1,152
	9,485	9,670
Grant income	430	461
Investment income (see note 4)	53	30
Total revenue as per IFRS 15	9,968	10,161

Information about major customers

Included in revenues is approximately £2,101,000 (2019: 2,122,000) which arose from sales to the Group's largest customer. No other single customers contributed 10% or more to the Group's revenue in 2020 or 2019.

Segmental information

For management purposes the Group is currently organised into one business segment, which is the incubation of early stage bioscience and medical technology companies. Since this is the only primary reporting segment, no further information has been presented.

BioCity Group Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020

3. LOSS BEFORE TAXATION

The Group's loss before taxation is stated after (crediting)/charging

	2020 £'000	2019 £'000
Grant income	(430)	(461)
Depreciation of owned property, plant and equipment	360	360
Depreciation of right of use assets	845	882
Auditor's remuneration	32	31

Included within grant income are amounts totaling £78,000 (2019: £Nil) received from the Coronavirus Job Retention Scheme (CJRS).

	2020 £'000	2019 £'000
Fees payable to the Company's auditor and their associates for the audit of the consolidated annual financial statements	16	15
Fees payable to the Company's auditor and their associates for the audit of the subsidiaries financial statements	16	16
Total audit fees	32	31
Other services	5	-
Total assurance related services	5	-

4. INVESTMENT INCOME

	2020 £'000	2019 £'000
Interest receivable	53	30

5. OTHER GAINS AND LOSSES

	2020 £'000	2019 £'000
Loss on disposal of property, plant and equipment	(12)	(6)
Increases in the fair value of trading investments at the year end	369	718
Impairment of trading investments	(263)	(30)
Profit on disposal of non-capitalised assets	28	30
	122	712

6. FINANCE COSTS

	2020 £'000	2019 £'000
Interest and charges on bank overdrafts and other loans	(249)	(220)
Interest expense on lease liabilities	(985)	(1,028)
	(1,234)	(1,248)

7. STAFF COSTS

Staff costs during the year including Directors:

	2020 £'000	2019 £'000
Wages and salaries	2,273	2,436
Social security costs	216	239
Other pension costs	135	138
	2,624	2,813

Other pension costs include the defined contribution plan charge.

Average number of persons employed	2020 No.	2019 No.
Management and administration	53	59

Highest paid Director:	2020 £'000	2019 £'000
Emoluments	158	175
Pension contribution	16	16
	174	191

3 Directors (2019: 3) received contributions to defined contribution personal pension plans. Directors' emoluments are disclosed separately in note 23.

8. TAXATION

	2020 £'000	2019 £'000
Current tax:		
UK Corporation tax	-	-
Deferred tax:		
Current year	-	(39)
Adjustment in respect of previous years	(27)	17
Effect of changes in tax rates	-	4
Total deferred tax	(27)	(18)
Total tax credit	(27)	(18)

Factors affecting the tax credit for the year

The tax assessed for the year is lower than (2019: higher than) the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Loss before taxation	(904)	(469)
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	(172)	(89)
Effects of:		
Adjustments in respect of prior years	(27)	17
Expenses not deductible for tax purposes	130	96
Income not taxable for tax purposes	(76)	(159)
Deferred tax not provided	118	117
Tax income	(27)	(18)

BioCity Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 December 2020

9. PROPERTY, PLANT AND EQUIPMENT

GROUP	(1) Land and Buildings £'000	(2) Leasehold Improvements £'000	(3) Fixtures and Fittings £'000	(4) Plant and Machinery £'000	Equipment £'000	Total £'000
COST						
At 1 January 2019	22.486	15.068	266	1.194	449	39.463
Grants	(974)	(10.957)	(40)	(263)	(82)	(12.316)
Net cost	21,512	4,111	226	931	367	27.147
Additions	1.616	76	5	31	51	1,779
Disposals	-	-	(9)	(30)	(65)	(104)
At 31 December 2019	23,128	4,187	222	932	353	28,822
Additions	-	168	-	17	14	199
Disposals	-	-	(18)	(29)	(8)	(55)
At 31 December 2020	23.128	4,355	204	920	359	28.966
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2019	1.383	1.305	143	860	242	3.933
Charge for the year	900	220	14	26	82	1,242
Disposals	-	-	(7)	(27)	(65)	(99)
At 31 December 2019	2,283	1,525	150	859	259	5,076
Charge for the year	841	259	13	28	64	1.205
Disposals	-	-	(13)	(22)	(8)	(43)
At 31 December 2020	3,124	1,784	150	865	315	6.238
NET BOOK VALUE						
At 31 December 2020	20.004	2,571	54	55	44	22,728
At 31 December 2019	20.845	2.662	72	73	94	23.746

(1) Includes right of use of assets with a cost of £21.254.000 and accumulated depreciation of £3.050.000. with a Net Book Value of £18.204.000.

(2) Under the terms of a grant for £1.2m received in 2015. the Group is required to retain the asset up to February 2021 to avoid potential clawback of amounts received from the grant.

(3) Under the terms of various grants for £12m received between 2004 and 2008. the Group is required to retain the assets for 20 years to avoid potential clawback of amounts received from the grant.

(4) Includes right of use assets with a cost of £18.000 and accumulated depreciation of £12.000. with a Net Book Value of £6.000.

9. PROPERTY, PLANT AND EQUIPMENT - continued

Assets gifted to the Group previously were at market value at the date the gift was made. Gifted plant and machinery was valued by Conex Chromatography Systems Limited, a Company whose business and experience is in the maintenance and sale of secondhand laboratory equipment. The gifted land was valued independently by Montagu Evans, a firm of chartered surveyors and property consultants and the cost in the table above includes an increase in valuation of £250,000 from the amount initially recognised in the accounts. The land originally had a carrying value of £1,000,000.

COMPANY	Land and Buildings £'000	(1) Leasehold Improvements £'000	Fixtures and Fittings £'000	(2) Plant and Machinery £'000	Equipment £'000	Total £'000
COST						
At 1 January 2019	3,480	17,030	158	159	206	21,033
Additions	76	-	-	27	20	123
Disposals	-	-	(6)	(21)	(51)	(78)
At 31 December 2019	3,556	17,030	152	165	175	21,078
Additions	76	-	-	13	14	103
Disposals	-	-	(5)	(15)	(8)	(28)
At 31 December 2020	3,632	17,030	147	163	181	21,153
ACCUMULATED DEPRECIATION AND IMPAIRMENT						
At 1 January 2019	1,188	1,011	119	94	153	2,565
Charge for the year	185	584	8	19	35	831
Disposals	-	-	(6)	(21)	(49)	(76)
At 31 December 2019	1,373	1,595	121	92	139	3,320
Charge or the year	188	584	6	26	26	830
Disposals	-	-	(4)	(8)	(9)	(21)
At 31 December 2020	1,561	2,179	123	110	156	4,129
NET BOOK VALUE						
At 31 December 2020	2,071	14,851	24	53	25	17,024
At 31 December 2019	2,183	15,435	31	73	36	17,758

(1) Includes right of use of assets with a cost of £17,030,000 and accumulated depreciation of £2,179,000, with a Net Book Value of £14,851,000.

(2) Includes right of use assets with a cost of £14,000 and accumulated depreciation of £11,000, with a Net Book Value of £3,000.

10. INVESTMENTS

GROUP Valuation	Equity Investment £'000	Convertible Loans £'000	Total £'000
At 1 January 2019	3,213	447	3,660
Additions	1,276	150	1,426
Disposals	(148)	(130)	(278)
Increases in fair value	718	-	718
Impairments	(30)	-	(30)
At 31 December 2019	5,029	467	5,496
Additions	943	950	1,893
Disposals	(390)	-	(390)
Increases in fair value	369	-	369
Impairments	(263)	-	(263)
Transfers to equity	50	(50)	-
At 31 December 2020	5,738	1,367	7,105

The Group's equity investments at the Balance Sheet date in the share capital of companies include the following:

Name of undertaking	Country of incorporation	Holding	Proportion held	Nature of business
Alderley Analytical Ltd	England & Wales	Ordinary	19%	Pharmaceuticals
Neudrive Ltd	England & Wales	Ordinary	2%	Pharmaceuticals
Fast BioPharma Ltd	England & Wales	A Ordinary	48%	Pharmaceuticals
BiVictriX Ltd	England & Wales	Ordinary	20%	Pharmaceuticals
Ibisvision Ltd	Scotland	Ordinary	<1%	Pharmaceuticals
Roylance Stability Storage Ltd	Scotland	Ordinary	35%	Pharmaceuticals
Metalinear Ltd	England & Wales	Ordinary	20%	Pharmaceuticals
Intermedi Group Ltd	England & Wales	Ordinary	2%	Pharmaceuticals
Neusensor Ltd	England & Wales	Ordinary	2%	Pharmaceuticals
Ebar Initiatives Ltd	Scotland	Ordinary	<1%	Pharmaceuticals
Novosound Ltd	Scotland	Ordinary	<1%	Pharmaceuticals
Footfalls & Heartbeats (UK) Ltd	England & Wales	Ordinary	1%	Pharmaceuticals
Enterobiotix Ltd	Scotland	Ordinary	<1%	Pharmaceuticals
BioAscent Discovery Ltd	Scotland	Ordinary	40%	Pharmaceuticals
Bio-Images Drug Delivery Ltd	Scotland	Ordinary	4%	Pharmaceuticals
Physiomedics Limited	Scotland	Ordinary	<1%	Pharmaceuticals
Incus Performance Ltd	England & Wales	Ordinary	17%	Pharmaceuticals
NuVision Biotherapies Limited	England & Wales	Ordinary	5%	Pharmaceuticals
Cuantec Limited	Scotland	Ordinary	3%	Pharmaceuticals
Maxwellia Limited	England & Wales	Ordinary	9%	Pharmaceuticals
Kinomica Limited	England & Wales	Ordinary	13%	Pharmaceuticals
Thoeris GmbH	Austria	Ordinary	10%	Pharmaceuticals
Rinri Therapeutics Ltd	England & Wales	Ordinary	7%	Pharmaceuticals
Secondperspective Ltd	Scotland	Ordinary	12%	Pharmaceuticals
Intelligent Omics Limited	England & Wales	Ordinary	2%	Pharmaceuticals

10. INVESTMENTS – continued

The Group holds the following convertible loans:

A loan for £12,500 that bears interest at 7% per annum and is convertible into ordinary shares at any time as determined by the Group. The loan becomes repayable 5 years from the date of drawdown if not previously converted.

A loan for £100,000 that bears interest at 5% per annum is convertible on the completion of a fundraising round. The loan becomes repayable in March 2022.

A loan for £50,000 that bears interest at 5% per annum is convertible on the completion of a fundraising round. The loan becomes repayable in June 2021.

A loan for £200,000 that bears interest at 5% per annum is convertible on the completion of a fundraising round. The loan becomes repayable in March 2021.

A loan for £150,000 that bears interest at 5% per annum is convertible on the completion of a fundraising round. The loan becomes repayable in September 2022.

A loan for £250,000 that bears interest at 8% per annum is convertible on the completion of a fundraising round. The loan becomes repayable in September 2023.

A loan for £100,000 that bears no interest per annum is convertible on the completion of a fundraising round. The loan becomes repayable in May 2023.

A loan of £55,000 which is convertible on the earlier of a funding round or sale or listing. The loan becomes repayable in July 2021.

A loan of £100,000 which is convertible on completion of a funding round into shares equivalent to those subscribed for in that funding round. The loan becomes repayable in November 2020 and bears interest at rate of 4% per annum. The loan was not repaid in the year.

A loan for £150,000 which is convertible on completion of a funding round into shares equivalent to those subscribed for in that funding round. The loan becomes repayable in December 2020 and bears interest at 5% per annum. The loan was not repaid in the year.

A loan for £200,000 that bears interest at 8% per annum is convertible on the completion of a fundraising round. The loan becomes repayable in November 2023

10. INVESTMENTS – continued

The Company's investments at the Balance Sheet date in the share capital of companies include the following:

COMPANY

	Shares in Subsidiary Undertakings £'000
COST	
At 1 January 2020	2,755
Additions	-
At 31 December 2020	2,755
NET BOOK VALUE	
At 31 December 2020	2,755
At 31 December 2019	2,755

The Group consists of a Parent Company, BioCity Group Limited, incorporated in the UK and a number of subsidiaries held directly and indirectly by the Parent Company. Information about the composition of the Group at the end of the reporting period is as follows:

Name of undertaking	Country of incorporation	Holding	Proportion held	Nature of business
BioCity Scotland Limited (2)	Scotland	Ordinary	100%	Life sciences incubator
MediCity Nottingham Limited (1)	England & Wales	Ordinary	100%	Life sciences incubator
Alderley Park Ventures Limited (1)	England & Wales	Ordinary	50%	Investments
BioCity Investments Limited (1)	England & Wales	Ordinary	100%	Investments
BioCity Limited (1)	England & Wales	Ordinary	100%	Dormant
MediCity Limited (1)	England & Wales	Ordinary	100%	Dormant

(1) The registered office for these companies is Pennyfoot Street, Nottingham NG1 1GF.
(2) The registered office for this company is Bo' ness Road, Newhouse, Lanarkshire, Scotland ML1 5UH.

MediCity Limited (registered number 11610098) and BioCity Limited (registered number 09268034) are dormant companies and have been for the full financial year ended 31 December 2020. Financial Statements for *MediCity Limited and BioCity Limited have not been prepared in accordance with section* 394A of the Companies Act 2006 and have not been filed in accordance with section 448A of the Companies Act 2006.

11. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Current:				
Trade receivables	734	669	264	292
Loss allowance for trade receivables	(446)	(263)	(4)	-
Amounts owed by Group undertakings	-	-	2,091	1,336
Other receivables	15	34	-	-
Prepayments	511	539	416	436
Accrued income	375	585	317	471
	1,189	1,564	3,084	2,535

Amounts owed by Group undertakings are unsecured, interest free and repayable on demand.

The ageing of trade receivables at the year-end is shown in the table below.

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Not due	191	209	176	171
0-30 days	94	195	82	88
31-60 days	10	62	-	30
61-90 days	14	13	-	3
91+ days	425	190	5	-
	734	669	264	292
Provision for impairment of trade receivables	(446)	(263)	(4)	-
Total	288	406	260	292

11. TRADE AND OTHER RECEIVABLES - continued

Movements in the provision for impairments of trade receivables are shown in the table below.

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Balance at 1 January	263	136	-	1
Impairment losses recognised	221	171	7	-
Amounts written off during the year as uncollectible	(29)	(35)	(3)	-
Amounts recovered during the year	(9)	(9)	-	(1)
Impairment losses reversed	-	-	-	-
Balance at 31 December	446	263	4	-

The Directors consider that the carrying value of trade and other receivables is approximately equal to their fair value.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,983	4,499	1,844	2,439

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Current				
Trade payables	1,034	1,033	876	873
Other taxation and social security	329	169	256	168
Amounts owed to Group undertakings	-	-	-	4
Other payables	555	536	219	245
Accruals	750	626	387	258
	2,668	2,364	1,738	1,548

The Directors consider that the carrying value of trade and other payables is approximately equal to their fair value.

14. DEFERRED REVENUE

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Current				
Arising from advance payments from customers	174	169	53	39

15. BORROWINGS

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Current				
Bank loans	-	49	-	-
Other loans	608	613	448	380
Lease liabilities	326	277	119	80
	934	939	567	460
Non current				
Bank loans	-	-	-	-
Other loans	3,827	4,193	3,637	3,845
Lease liabilities	20,604	20,938	17,209	17,328
	24,431	25,131	20,846	21,173

The Group has one principal bank loan of £Nil (£49,000). The loan was taken out in October 2015. Repayments commenced in November 2015 and the loan was fully repaid in 2020. The loan carried interest at 3% above base rate and the loan approximates to fair value.

Other loans include the following:

Unsecured loans of £362,000 (2019: £389,000) due to Nottingham Trent University. One loan for £150,000 accrues interest at 3% above the base rate and is repayable in quarterly instalments from June 2020. The remaining loan for £200,000 accrues interest at 5% and is wholly repayable in March 2021.

An unsecured loan of £285,000 (2019: 372,000) due to The University of Nottingham. The loan accrues interest at 3% above the base rate and is repayable in quarterly instalments from May 2020.

An unsecured loan of £Nil (2019: £76,000) due to Boots Property Limited. The loan is interest free and was repaid in 2020.

An unsecured loan of £349,000 (2019: £505,000) due to a Local Enterprise Partnership which commenced in 2015 and is repayable on a quarterly basis over a five-year period. commencing two years after the commencement of the loan.

An unsecured loan of £1.403,000 (2019: £1.462,000). This loan was provided by Nottingham City Council in 2017 and is repayable on a quarterly basis over 30 years and carries a fixed rate of interest of 4.8%.

Convertible loans with Business Growth Fund and Blue Skies Investments Limited which are due for redemption in January 2023. The total loan balance outstanding at the end of the year was £2,035,000 (2019: £2,035,000).

16. LEASE LIABILITIES

The maturity analysis of contractual undiscounted cash flows for lease liabilities is as follows:

	2020 £'000	2019 £'000
Within one year	326	277
Between one and five years	1,826	1,657
In more than five years	18,778	19,281
Total undiscounted liabilities	20,930	21,215

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020 £'000	2019 £'000
Current liabilities	326	277
Non-current liabilities	20,604	20,938
	20,930	21,215

The total of future minimum lease payments at the end of the reporting date for each of the following periods, are as follows:

	2020 £'000	2019 £'000
Within one year	1,294	1,262
Between one and five years	5,503	5,416
In more than five years	29,349	30,731
	36,146	37,409

Amounts recognised in the consolidated Statement of Comprehensive Income include the following:

	2020 £'000	2019 £'000
Interest on lease liabilities	985	1,028

17. CAPITAL COMMITMENTS

The Group's contractual commitment to purchase tangible fixed assets at the year end was £102,925 (2019: £Nil).

18. DEFERRED TAX

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Provided				
Balance at 1 January	27	45	27	45
Adjustment in respect of prior periods	(27)	17	(27)	17
Deferred tax charge for the period	-	(35)	-	(35)
Balance at 31 December	-	27	-	27

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Fixed assets	(179)	93	(155)	94
Losses	(876)	(668)	(167)	(67)
Deferred tax not provided	1,055	602	322	-
Balance at 31 December	-	27	-	27

A deferred tax asset of £1,055,000 has not been recognised at 31 December 2020 (2019: £602,000), as it is uncertain whether capital allowances and losses brought forward will be utilised in the foreseeable future.

19. CALLED UP SHARE CAPITAL

Allotted issued and fully paid

Number	Class	Nominal value	2020 £'000	2019 £'000
2,241,570	Ordinary shares	£0.10	224	224
369,999	Growth Shares	£0.0001	-	-
			224	224

SHARE PREMIUM

	Group £'000	Company £'000
Balance at 31 December 2019 and 31 December 2020	2,758	2,758

The effect of using merger accounting principles on share capital and share premium is that the share capital and share premium that existed as at the point BioCity Group Limited acquired the trade, assets and liabilities of BioCity Nottingham Limited is accounted for as if it had been in existence as at the opening Balance Sheet date (1 January 2015).

The Ordinary shares carry the usual voting rights, entitlement to an equal distribution of capital upon winding up the business and entitlement to dividends. The growth shares do not carry such rights.

OTHER RESERVES

The other reserves include land and plant and equipment that were gifted to the Group in 2012. These were incorporated into the Balance Sheet at the market values at the date the gift was made. This reserve will be realised on disposal of the gifted assets to a third party outside of the Group, or as the assets are depreciated, or impaired in the books of the Group.

MERGER RESERVE

The merger reserve relates to the premium on equity consideration used in the acquisition of the trade, assets and liabilities of BioCity Nottingham Limited, by BioCity Group Limited in 2015 plus cumulative retained earnings attributable to equity holders of the Group as at the combination date. See note 1 for further details.

PROFIT AND LOSS ACCOUNT RESERVE

The profit and loss account reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

20. FINANCIAL INSTRUMENTS

Categories of financial instruments
For the purposes of risk management, the following classes of financial assets and their carrying values (at amortised cost) have been identified:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Cash and cash equivalents	2,983	4,499	1,844	2,439
Loans and receivables	1,878	1,370	2,500	1,976
	4,861	5,869	4,344	4,415

Of the Group's financial assets identified above, £4,061,000 (2019: £5,664,000) fall due within one year.

All of the Company's financial assets identified above fall due within one year.

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand and other highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For the purposes of risk management, the following classes of financial liabilities and their carrying values (at amortised cost) have been identified:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade and other payables	2,339	2,195	1,482	1,375
Borrowings	25,365	26,070	21,413	21,633
	27,704	28,265	22,895	23,008

Of the Group's financial liabilities identified above, £3,273,000 (31 December 2019: £3,134,000) fall due within one year. Of the Company's financial liabilities identified above, £2,049,000 (31 December 2019: £1,835,000) fall due within one year.

Fair value of financial assets and liabilities
The Directors consider there to be no material difference between the carrying value and the fair value of the Group's or Company's financial assets and liabilities at the Balance Sheet Date.

Capital risk management
The Group manages its capital to ensure that all entities in the Group will be able to continue as a going concern whilst maximising the return to stakeholders. The capital structure of the Group consists of cash and cash equivalents and reserves comprising profit and loss account and a revaluation reserve as disclosed in the Statement of Changes in Equity.

Externally imposed capital requirement
The Group has seven loans outstanding at the Balance Sheet date, details of which are included in note 15. The Directors consider that all requirements and covenants have been complied with during the period covered by the *financial statements and to the date the financial statements were authorised for issue.*

20. FINANCIAL INSTRUMENTS - continued

Significant accounting policies
Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to these financial statements.

Financial risk management
The Group's and Company's objective in using financial instruments is to maximise the returns on funds held on deposit and to minimise exchange rate risk where appropriate. Balance Sheets at 31 December 2020 and 31 December 2019 are not necessarily representative of the positions throughout the year, as cash and cash equivalents fluctuate considerably throughout the year depending on the timing of working capital receipts and payments.

It is, and has been throughout the year, the Group's policy that no speculative trading in financial instruments is undertaken.

The Group is funded principally through investments and grant funding and it invests its funds in highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The Group's policy throughout the period has been to minimise risk by placing funds in low-risk cash deposits, whilst ensuring the Group receives a reasonable return on the funds placed on deposit.

Foreign currency risk management
The Group's functional and reporting currency is sterling.

Liquidity risk management
The Group manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Of the Group's financial assets, £4,061,000 falls due within one year and £800,000 falls due after more than one year. Of the Group's financial liabilities, £3,273,000 falls due within one year and £24,431,000 falls due after more than one year.

Credit risk management
Credit risk represents the risk that counterparties will default on contractual obligations resulting in financial loss to the Group. The Group actively monitors its outstanding trade receivable balances and has established credit control procedures.

The Group's risk on liquid funds is limited because the Group's funds are held with highly rated banking institutions.

The carrying value of financial assets recorded in the financial statements, which are net of impairment losses, represents the Group's maximum exposure to credit risk as no collateral or other credit enhancements are held.

Market risk management
The Group's exposure to market risk primarily comprises interest rate exposure. Group funds are invested in cash deposits with the objective of maintaining a balance between accessibility of funds and competitive rates of return.

Interest rate risk management
The Group has four loans outstanding at the Balance Sheet date where interest is accrued between 3-5%.

It is estimated that a movement of 0.5% in interest rates during the year, which represents management's assessment of a reasonably possible change, with all other variables remaining constant, would have an immaterial impact on the Group's loss after tax.

20. FINANCIAL INSTRUMENTS - continued

Cash and cash equivalents earned £53,000 of investment income during the year (2019: £30,000) and if the interest rate had been 0.5% higher or lower during the year, it would have increased or decreased investment income by approximately £19,000.

Maturing profile of financial liabilities

GROUP

	Weighted average effective interest rate (%)	Less than 1 year £'000	1-5 years £'000	More than 5 years £'000	Total £'000
31 December 2019					
Non-interest-bearing payables		2,439	-	-	2,439
Variable rate borrowings	3.75%	192	426	-	618
Fixed rate borrowings	4.49%	502	738	2,098	3,338
Lease liabilities	4.8%	1,263	6,798	29,349	37,410
		4,396	7,962	31,447	43,805
31 December 2020					
Non-interest-bearing payables		2,668	-	-	2,668
Variable rate borrowings	3.10%	191	230	-	421
Fixed rate borrowings	4.57%	505	570	2,004	3,079
Lease liabilities	4.8%	1,294	5,503	29,349	36,146
		4,658	6,303	31,353	42,314

All Group borrowings are in pounds sterling.

20. FINANCIAL INSTRUMENTS - continued

Maturing profile of financial liabilities

COMPANY

	Weighted average effective interest rate (%)	Less than 1 year £'000	1-5 years £'000	More than 5 years £'000	Total £'000
31 December 2019					
Non-interest-bearing payables		1,548	-	-	1,548
Variable rate borrowings	3.75%	192	426	-	618
Fixed rate borrowings	4.43%	334	377	2,098	2,809
Lease liabilities	4.8%	893	4,952	26,402	32,247
		2,967	5,755	28,500	37,222
31 December 2020					
Non-interest-bearing payables		1,738	-	-	1,738
Variable rate borrowings	3.10%	191	230	-	421
Fixed rate borrowings	4.82%	337	377	2,004	2,718
Lease liabilities	4.8%	925	4,028	26,402	31,355
		3,191	4,635	28,406	36,232

All Company borrowings are in pounds sterling.

20. FINANCIAL INSTRUMENTS - continued

Fair value measurements

The information set out below provides information about how the Group determines fair values of various financial assets and financial liabilities.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group does not have any instruments valued at level 1 or 2. There are no financial assets or liabilities subsequently measured at fair value on a Level 3 fair value measurement basis. The Directors consider that the carrying value of the financial assets and liabilities recognised approximates to their fair values.

21. PENSIONS

The Group operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees and are independent from those of the Group.

The pension costs charge for the year was *£135,000 (2019: £138,000)*.

22. SHARE-BASED PAYMENTS

	2020		2019	
	Number of share options	**Weighted average price (£)**	**Number of share options**	**Weighted average price (£)**
Outstanding at beginning of the year	489,563	1.21	513,414	1.21
Granted during the year	-	1.21	-	1.21
Forfeited during the year	-	1.21	(23,851)	1.21
Outstanding at end of the year	489.563		489.563	
Exercisable at end of the year	-	-	-	-

The Group operates a share option scheme for employees of the Group. Options are exercisable at a fixed price per share and vest over four years in equal instalments. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options are exercised.

The Directors have considered the fair value of the share options and are of the opinion that overall there is no material difference therefore, there is no share-based payments charge included in the Consolidated Statement of Comprehensive Income.

23. RELATED PARTY TRANSACTIONS

GROUP

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions with related parties that are not a member of the Group are disclosed below.

Xenogesis Limited

Dr G Crocker, a Director of BioCity Group Limited and all its subsidiaries was also a Director during the year of Xenogesis Limited, up until the 22 September 2020. Xenogesis Limited was a customer of the Group during the year.

For the period up until G Crocker resigned as a director from Xenogesis Limited (22 September 2020) sales totalling £144,453 (2019: £177,593) were made to Xenogesis Limited on a normal commercial basis. At 31 December 2020 the Group had a year-end receivable balance of £3,605 (2019: £3,305).

The Group, through BioCity Investments Limited has a £Nil (2019: £192,608) equity investment in Xenogesis Limited.

Locate Bio Limited

Professor K Shakesheff, a Director of BioCity Group Limited was also a Director of Locate Bio Limited during the year. Locate Bio Limited was a customer of the Group during the year.

During the year sales totalling £108,300 (2019: £102,335) were made to Locate Bio Limited on a normal commercial basis. At 31 December 2020 the Group had a year-end receivable balance of £865 (2019: £1,044).

Bio-Images Drug Delivery Limited

Dr G Crocker, a Director of BioCity Group Limited and all its subsidiaries was also a Director of Bio-Images Drug Delivery Limited during the year. Bio-Images Drug Delivery Limited was a customer of the Group during the year.

The Group has an investment in Bio Images Drug Delivery Limited which is held at a carrying value of £407,520. Details of this investment can be found in note 10.

During the year the Group made sales totalling £213,011 (2019: £207,299) to Bio-Images Drug Delivery Limited on a normal commercial basis. At 31 December 2020 the Group had a year-end receivable balance of £392 (2019: £2,162).

The United Kingdom Science Park Association

Dr G Crocker, a Director of BioCity Group Limited and all its subsidiaries was also a Director of The United Kingdom Science Park Association during the year. The United Kingdom Science Park Association was a supplier of the Group during the year.

During the year the Group made purchases totalling £1,405 (2019: £1,395) to The United Kingdom Science Park Association on a normal commercial basis. At 31 December 2020 the Group had a year-end payable balance of £Nil (2019: £Nil).

Roylance Stability Storage Limited

T Reid, a Director of BioCity Group Limited was also a Director during the year of Roylance Stability Storage Limited. Roylance Stability Storage Limited was a customer of the Group during the year.

During the year the Group made sales totalling £96,032 (2019: £95,402) to Roylance Stability Storage Limited on a normal commercial basis. At 31 December 2020 the Group had a year-end receivable balance of £328,481 (2019: £217,270).

At the year end there was a provision of £328,360 (2019: £216,968) against the receivable balance.

23. RELATED PARTY TRANSACTIONS - continued

Roylance Stability Storage Limited (continued)

During the year the Group made purchases totalling £1,250 (2019: £1,500) to Roylance Stability Storage Limited on a normal commercial basis. At 31 December 2020 the Group had a year-end payable balance of £1,500 (2019: £1,500).

BioCity Group Limited is the guarantor to a loan of £150,000 taken out by Roylance Stability Storage Limited.

The Group has a £12,400 equity investment in Roylance Stability Storage Limited. Details of the investment are provided in note 10 to these financial statements.

BioAscent Discovery Limited
Dr G Crocker, a Director of BioCity Group Limited and all its subsidiaries was also a Director of BioAscent Discovery Limited during the year. BioAscent Discovery Limited was a customer of the Group during the year.

During the year the Group made sales totalling £631,952 (2019: £557,149) to BioAscent Discovery Limited on a normal commercial basis. At 31 December 2020 the Group has a year-end receivable balance of £1,382 (2019: £1,408).

The Group has a £1,600,000 equity investment in BioAscent Discovery Limited. Details of the investment are provided in note 10 to these financial statements.

The University of Nottingham
The University of Nottingham is a shareholder of BioCity Group Limited.

During the year the Group made purchases from The University of Nottingham of £1,765 (2019: £7,000). At 31 December 2020 the Group had a year-end payable balance of £Nil (2019: £Nil).

During the year the Group made sales to The University of Nottingham of £Nil (2019: £365). At 31 December 2020 the Group had a year end receivable balance of £Nil (2019: £Nil).

At the year end the Group had an advanced loan of £285,232 (2019: £372,005). The loan accrues interest at 3% above base rate and is repayable in quarterly instalments from May 2020.

Nottingham Trent University
Nottingham Trent University is a shareholder of BioCity Group Limited. During the year the Group made sales totalling £1,036 (2019: £2,510) to Nottingham Trent University on a normal commercial basis. At 31 December 2020 the Group had a year-end receivable balance of £Nil (2019: £Nil).

At the year end, the Group had an advanced loan of £239,984 (2019: £239,988) from Nottingham Trent University. The loan accrues interest at 5% per annum. The loan is repayable in 2021.

At the year end the Group had a further advanced loan of £121,506 (2019: £158,771). The loan accrues interest at 3% above base rate and is repayable in quarterly instalments from June 2020.

The Group leases the Pennyfoot Street property from Nottingham Trent University under a lease expiring in November 2032. The rental payable under the lease is £50,000 per annum.

At 31 December 2020 the Group had a year end payable balance of £Nil (2019: £Nil).

Kinomica Limited
R Todd, a Director of BioCity Group Limited was also appointed as a Director of Kinomica Limited on 11 December 2020. The Group has an investment in Kinomica Limited which is held at a carrying value of £786,514. Details of this investment can be found in note 10.

23. RELATED PARTY TRANSACTIONS - continued

Remuneration of key management personnel
The remuneration of the Directors, who are the key management personnel of the Group, is set out below:

	2020 £'000	2019 £'000
Short-term employee benefits	492	512
Post-employment benefits	40	39
	532	551

3 Directors (2019: 3) are members of a money purchase pension scheme.

COMPANY
Details of the Company related party transactions with parties outside of the Group are noted above. In addition, the following details of trading within the Group are disclosed in accordance with IAS 24.

	Recharge from subsidiary companies £'000	Recharge to subsidiary companies £'000	Amounts owed by subsidiary companies £'000	Amounts owed to subsidiary companies £'000
Related party Subsidiaries:				
2019	-	555	1,336	-
2020	-	531	2,090	-

Amounts outstanding are unsecured. No provisions have been made for doubtful debts owed by related parties.