

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

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Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

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Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Company information

Directors: R Wastnage
C Watt
C Fountain Appointed 21 November 2016

Registered office: Unit A15, Fiveways Light Industrial Estate,
Westwells Road
Corsham
Wiltshire
United Kingdom
SN13 9RG

Registered number: 09350372

Independent auditors: PricewaterhouseCoopers LLP
2 Glass Wharf
Bristol
BS2 0FR

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Strategic report for the year ended 30 April 2017

The directors present their Strategic Report of the company for the year ended 30 April 2017.

Principal activities

The company's principal activity during the year was the applied research and development of clinical diagnostic testing services that are designed to improve the efficiency of microbiology laboratories.

Business review and future developments

In the year under review the company was still engaged in the applied research and development phase of new products. The first sales are not anticipated until later in 2018.

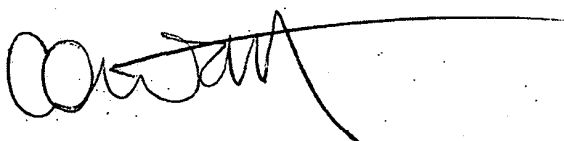
Financial and non-financial key performance indicators

The directors monitor the progress of applied research and development of new products for the clinical diagnostic testing services market. Given the current stage of the company, the directors are of the opinion that further analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Principal risks and uncertainties

The directors have considered the principal risks and uncertainties faced by the company and these are outlined in the Directors' Report on page 4 on the Annual Report and Financial Statements.

On behalf of the Board:



C Watt
Director

30 January 2018

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Directors' report for the year ended 30 April 2017

The directors present their report and the audited financial statements of the company for the year ended 30 April 2017.

Financial risk management

The company's operations are limited to applied research and development and as such have insignificant exposure to financial risk. The directors will revisit the appropriateness of this policy should the company's operations change in size or nature.

Future developments

Future developments are discussed in the Strategic Report on page 3.

Qualifying third party indemnity provisions

A qualifying third-party indemnity provision as defined in section 234 of the Companies Act 2006 was in force during the financial year and also at the date of approval of the financial statements for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law.

Results and dividends

The company's loss for the financial year is £97,180; the company was dormant in 2016. No dividend is proposed for 2017.

Directors

The directors who held office during the year and at the time of issuing this report were as follows:

R Wastnage

C Watt

C Fountain (appointed 21 November 2016)

Political and charitable donations

The Company made nil political and charitable donations (2016: nil) during the year.

Statement of directors' responsibilities

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 financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), comprising Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). Under

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Directors' report for the year ended 30 April 2017 - continued

company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

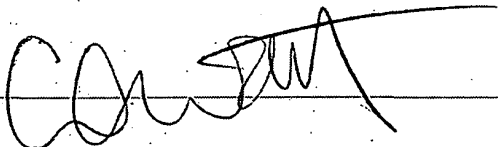
Disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the Board:



C Watt
Director

30 January 2018

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Independent auditors' report to the members of Microgenetics Limited

Report on the financial statements

Our opinion

In our opinion, Microgenetics Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 April 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 30 April 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

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.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or

***Independent auditors' report to the members of Microgenetics Limited
(continued)***

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

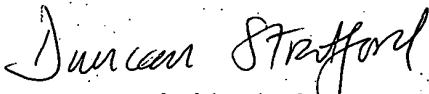
We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Independent auditors' report to the members of Microgenetics Limited (continued)

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Duncan Stratford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol

30 January 2018

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Statement of comprehensive income for the year ended 30 April 2017

		2017 £	2016 £
Continuing operations	Note		
Turnover	4	-	-
Cost of sales		-	-
Gross profit		-	-
Administrative expenses		(121,354)	-
Operating loss	5	(121,354)	-
Loss before taxation		(121,354)	-
Tax on losses	8	24,174	-
Loss for the financial year		(97,180)	-
Total comprehensive income for the year		(97,180)	-

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

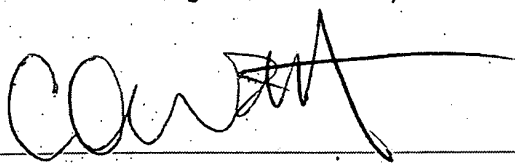
Balance sheet as at 30 April 2017

	Note	2017		2016	
		£	£	£	£
Current assets					
Stocks		-	-	-	-
Debtors	9	24,176		2	
		<u>24,176</u>		<u>2</u>	
Creditors: amounts falling due within one year	10	121,354		-	
Net current assets / (liabilities)			(97,178)		2
Total assets less current liabilities			<u>(97,178)</u>		<u>2</u>
Net liabilities			<u>(97,178)</u>		<u>2</u>
Capital and reserves					
Called up share capital	13		2		2
Profit and loss account	14		(97,180)		-
Total shareholders' funds			<u>(97,178)</u>		<u>2</u>

The notes on pages 12 to 19 are an integral part of these financial statements

These financial statements as set out on pages 8 to 19 were approved by the board of directors on 30 January 2018 and were signed on its behalf by:

C Watt
Director



Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Statement of changes in equity for the year ended 30 April 2017

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
For the year ended 30 April 2017			
At 1 May 2016	2	-	2
Comprehensive income for the year			
Loss for the financial year	-	(97,180)	(97,180)
Total comprehensive income for the year	-	(97,180)	(97,180)
At 30 April 2017	2	(97,180)	(97,178)
For the year ended 30 April 2016			
At 1 May 2015	2	-	2
Comprehensive income for the year			
Profit for the financial year	-	-	-
Total comprehensive income for the year	-	-	-
At 30 April 2016	2	-	2

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Notes to the financial statements for the year ended 30 April 2017

1 General information

Microgenetics Limited operates from one site in the United Kingdom.

The company is a private company limited by shares and is incorporated in England. Its registered office address is: Unit A15 Fiveways Light Industrial Estate, Westwells Road, Corsham, Wilts, SN13 9RG.

2 Statement of compliance

These financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006.

3 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements for all years presented, unless otherwise specified.

3.1 Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, as modified by the revaluation of certain tangible fixed assets. The principal accounting policies are set out below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. In the directors' judgment there are no critical estimates substantially affecting the preparation of these financial statements.

3.2 Going concern

The company meets its day to day working capital requirements through its bank facilities. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that it should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Notes to the financial statements for the year ended 30 April 2017 - continued

3.3 Exemptions for qualifying entities under FRS 102 - continued

The company has taken advantage of the following exemptions:

- a) from preparing a statement of cash flows, on the basis that it is a qualifying entity and that its cash flows are included in the consolidated statement of cash flows in the financial statements of Qualasept Holdings Limited, which are publicly available.
- b) from disclosing the company key management personnel compensation, as required by FRS 102 para 33.7.

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

3.4 Revenue recognition

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities excluding value added tax, and is recognised when the risks and rewards of ownership are substantially passed to the customer.

3.5 Intangible assets

Intangible assets are stated at cost less accumulated amortisation over their estimated useful life of three years.

3.6 Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to allocate the cost of assets less their residual values over their estimated useful lives. The following annual rates are used:

Plant and equipment (excluding computers):	25% straight line
Plant and equipment (computers):	33% straight line

3.7 Financial instruments

The company holds only basic financial instruments under Section 11 of FRS 102.

Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are recognised at transaction price unless the arrangement constitutes a financing transaction. Where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

The company holds only basic financial instruments under Section 11 of FRS 102.

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Notes to the financial statements for the year ended 30 April 2017 - continued

3.7 Financial instruments - continued

Financial assets - continued

Basic financial assets, including trade and other receivables and cash and bank balances, are recognised at transaction price unless the arrangement constitutes a financing transaction. Where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flow from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities

Basic financial liabilities, including trade and other payables, overdrafts and bank loans are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case the fee is deferred until draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Notes to the financial statements for the year ended 30 April 2017 - continued

3.8 Financial instruments - continued

Financial liabilities - continued

or less. If not, they are presented as non-current liabilities. Trade payables are recognised at transaction price and subsequently measured at amortised cost using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, i.e. when the contractual obligation is discharged, is cancelled or expires.

Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

3.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at bank with a maturity of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

3.10 Finance costs

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.11 Taxation

The tax expense for the year comprises current and deferred tax.

Current tax

Current tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Notes to the financial statements for the year ended 30 April 2017 - continued

3.12 Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the assets may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

If the recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised in earlier periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

3.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.14 Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

3.15 Related party transactions

The company disclosed transactions with related parties which are not wholly owned within the Qualasept Holdings group of companies. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company's financial statements.

3.16 Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Annual Report and Financial Statements for the Year Ended 30 April 2017

3.17 Judgments in applying accounting policies and key sources of estimation uncertainty

4 Turnover

5 Operating loss

Research and development expenditure

6 Directors' emoluments

7 Employee information

Administration

8 Tax on loss on ordinary activities

Current tax:

UK corporation tax credit on losses of the year

Total current tax

Tax on loss on ordinary activities

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Notes to the financial statements for the year ended 30 April 2017 - continued

	2017 £	2016 £
8 Tax on loss on ordinary activities - continued		
The credit for the year can be reconciled to the loss per the income statement as follows:		
Loss on ordinary activities before taxation	(121,354)	-
Tax on loss at the standard UK tax rate of 19.92% (2016 20.00%)	(24,174)	-
	(24,174)	-
Income tax credit reported in the income statement	(24,174)	-
	2017 £	2016 £
9 Debtors		
Amounts owed by parent company	2	2
Amounts owed by group undertakings	-	-
Taxation and social security	24,174	-
	24,176	2
10 Creditors: Amounts falling due within one year		
Amounts owed to group undertakings	121,354	-
	121,354	-

The amount owed to group undertakings is unsecured, interest free and has no set repayment date.

	2017 £	2016 £
11 Financial instruments		

Financial assets

Financial assets that are debt instruments measured at amortised cost	2	2
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Financial liabilities

Financial liabilities measured at amortised cost	121,354	-
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Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise loans and overdrafts, trade creditors, amounts owed to group undertakings, other creditors and accruals.

Microgenetics Limited

Annual Report and Financial Statements for the Year Ended 30 April 2017

Notes to the financial statements for the year ended 30 April 2017 - continued

13 Called up share capital	2017	2016
Allotted, issued and fully paid		
2 (2016: 2) ordinary share of £1 each	2	2

14 Reserves

Profit and loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

15 Pension commitments

The cost of contributions to the defined contribution schemes amounts to £nil (2016: £nil).

16 Ultimate parent undertaking

The immediate parent undertaking is Qualasept Pharmaxo Holdings Limited.

The ultimate parent undertaking and controlling party is Qualasept Holdings Limited, which is the parent of the largest group to consolidate these financial statements. Copies of Qualasept Holdings Limited consolidated financial statements can be obtained from the Company Secretary at Unit A15 Fiveways Light Industrial Estate, Westwells Road, Corsham, Wiltshire SN13 9RG.