
AVVINITY THERAPEUTICS LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 31 DECEMBER 2020

AVVINITY THERAPEUTICS LIMITED
REGISTERED NUMBER: 09967702

BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Tangible assets	4	3,577	-
		<u>3,577</u>	<u>-</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	200,140	319,976
Bank and cash balances		2,637,077	475,532
		<u>2,837,217</u>	<u>795,508</u>
Creditors: amounts falling due within one year	6	(181,616)	(64,004)
NET CURRENT ASSETS		<u>2,655,601</u>	<u>731,504</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,659,178</u>	<u>731,504</u>
Convertible Loans		(3,102,575)	-
NET (LIABILITIES)/ASSETS		<u><u>(443,397)</u></u>	<u><u>731,504</u></u>
CAPITAL AND RESERVES			
Called up share capital	8	938	938
Share premium account		4,599,562	4,599,562
Profit and loss account		(5,043,897)	(3,868,996)
		<u>(443,397)</u>	<u>731,504</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the income statement in accordance with provisions applicable to companies subject to the small companies' regime.

AVVINITY THERAPEUTICS LIMITED
REGISTERED NUMBER: 09967702

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2020

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

N Higgins
Director

Date: 8 April 2021

The notes on pages 3 to 7 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

Avvinity Therapeutics Limited is a private company limited by shares and incorporated in England and Wales. Its registered office is First Floor, Thavies Inn House, 3-4 Holborn Circus, London, EC1N 2HA.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 GOING CONCERN

The company was in a net liabilities position of £443,397 as at 31 December 2020. The financial statements are prepared on the going concern basis on the assumption that the Company will continue to receive financial support from its shareholders to provide sufficient funds to enable it to meet its liabilities as they fall due.

The financial risks arising from the ongoing global health crisis caused by COVID-19 have also been evaluated and the directors are satisfied that, even if the activity were to be interrupted for a prolonged period, the Company would still have sufficient resources to meet its liabilities as they fall due.

2.3 TANGIBLE FIXED ASSETS

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	-
	4 years straight-line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.4 DEBTORS

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

2. ACCOUNTING POLICIES (CONTINUED)

2.5 CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.6 CREDITORS

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.7 CONVERTIBLE DEBT

The proceeds received on issue of the Company's convertible debt are allocated into their liability and equity components and presented separately in the Balance Sheet.

The amount initially attributed to the debt component equals the discounted cash flows using a market rate of interest that would be payable on a similar debt instrument that did not include an option to convert.

The difference between the net proceeds of the convertible debt and the amount allocated to the debt component is credited direct to equity and is not subsequently remeasured. On conversion, the debt and equity elements are credited to share capital and share premium as appropriate.

Transaction costs that relate to the issue of the instrument are allocated to the liability and equity components of the instrument in proportion to the allocation of proceeds.

2.8 GOVERNMENT GRANTS

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Income Statement in the same period as the related expenditure.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.9 FOREIGN CURRENCY TRANSLATION

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.10 FINANCE COSTS

Finance costs are charged to profit or loss 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.

2.11 PENSIONS

DEFINED CONTRIBUTION PENSION PLAN

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.12 RESEARCH AND DEVELOPMENT

Research and development expenditure is written off to the Profit and Loss Account in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

2. ACCOUNTING POLICIES (CONTINUED)

2.13 TAXATION

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 1 (2019 - NIL).

4. TANGIBLE FIXED ASSETS

	Computer equipment £
COST OR VALUATION	
Additions	3,653
At 31 December 2020	3,653
DEPRECIATION	
Charge for the year on owned assets	76
At 31 December 2020	76
NET BOOK VALUE	
At 31 December 2020	3,577
At 31 December 2019	-

AVVINITY THERAPEUTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

5. DEBTORS

	2020 £	2019 £
Amounts owed by group undertakings	-	500
Other debtors	192,566	317,964
Prepayments and accrued income	7,574	1,512
	<u>200,140</u>	<u>319,976</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £	2019 £
Trade creditors	139,032	33,977
Other taxation and social security	11,459	-
Other creditors	3,000	-
Accruals and deferred income	28,125	30,027
	<u>181,616</u>	<u>64,004</u>

Included within other creditors are amounts due to defined contribution pension schemes of £3,000 (2019 - £NIL).

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020 £	2019 £
Other loans	3,102,575	-
	<u>3,102,575</u>	<u>-</u>

Other loans represent convertible loans received under the Government-backed Future Fund in collaboration with LifeArc. Interest is charged at 8% per annum. It is repayable on maturity, being after 36 months, if the lenders elect for repayment of the loan instead of conversion to equity or on an exit. The loans are subject to a redemption premium of 100%.

8. SHARE CAPITAL

	2020 £	2019 £
ALLOTTED, CALLED UP AND FULLY PAID		
937,500 Ordinary shares of £0.001 each	<u>938</u>	<u>938</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.