

Registered Number 10219345

## Cell Therapy Diabetes Limited

Directors' report and financial statements  
for the period from incorporation to 31 July 2017



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## **Cell Therapy Diabetes Limited**

### **Directors' report**

The directors present their annual report on the affairs of the Company, together with financial statements and auditor's report for the period from 7<sup>th</sup> June 2016 to 31<sup>st</sup> July 2017.

Details of significant events since the balance sheet date are contained in Note 10 to the financial statements.

#### ***Principal activities and results***

The principal activity of the Company is the research, development and commercialisation of pharmaceutical products. The focus of these products is in the treatment of diabetes.

The Company was incorporated on 7<sup>th</sup> June 2016, and whose ultimate parent is Celixir plc. This is the first set of statutory accounts to be prepared by the Company.

Research expenditure amounted to £nil and the Company recorded a result of £nil.

#### ***Directors***

The directors who served in the period were as follows:

Mr Ajan Reginald (appointed 21<sup>st</sup> June 2016)  
Mr David Preston (appointed 7<sup>th</sup> June 2016)  
Dr Lee Chapman (appointed 21<sup>st</sup> June 2016)  
Dr Sabena Sultan (appointed 21<sup>st</sup> June 2016)  
Mr Mark Hughes (appointed 21<sup>st</sup> June 2016, resigned 30<sup>th</sup> April 2017)

#### ***Disclosure of information to auditor***

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself / herself 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.

#### ***Results and dividends***

The result for the period after taxation was £nil. During the year, certain intangible assets were transferred from the parent company, Cell Therapy Limited, to Cell Therapy Diabetes Limited. The directors do not propose that a final dividend for the period be paid.

#### ***Auditor***

KPMG LLP was appointed auditor on 14<sup>th</sup> December 2017. Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

## **Cell Therapy Diabetes Limited**

### **Directors' report (Continued)**

#### ***Small company special provisions***

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

This report was approved by the board on 5<sup>th</sup> March 2018, taking advantage of special exemptions available to small companies.

#### ***Going concern***

The Company is wholly owned and controlled by the Celixir Plc group, and is funded from cash reserves held within the Group. As at the date of this report, Group companies had cash balances of £6,925,549 and based on current forecasts the Director is satisfied that, following the provision of a letter of support from the directors of the parent company, this enables the Company to continue as a going concern for at least 12 months from the date of approval of these financial statements.

Signed on behalf of the board of directors



David Preston  
Director

Cell Therapy Diabetes Limited  
Celixir House, Innovation Way  
Stratford Upon Avon CV37 7GZ

Company Number: 10219345

5<sup>th</sup> March 2018

## **Cell Therapy Diabetes Limited**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CELL THERAPY DIABETES LIMITED**

We have audited the financial statements of Cell Therapy Diabetes Ltd for the period ended 31 July 2017 set out on pages 7 to 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement 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). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 and of its result for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial period is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

**Matters on which we are required to report by exception**

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

**Lynton Richmond (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
Chartered Accountants  
15 Canada Square  
London  
E14 5GL  
6 March 2018

## **Cell Therapy Diabetes Limited**

### **Statement of comprehensive income**

The company did not prepare a statement of comprehensive income as the company neither traded nor entered into any non- capital transactions in the period since incorporation.



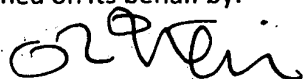
# Cell Therapy Diabetes Limited

## Statement of financial position

		As at 31 July 2017
	Notes	£
<b>Non-current assets</b>		
Intangible assets	6	<u>3,341</u>
<b>Current assets</b>		
Amounts owed by Group undertakings	7	<u>1</u>
<b>Total Assets</b>		<u>3,342</u>
<b>Current liabilities</b>		
Amounts owed to Group undertakings	8	<u>(3,341)</u>
<b>Total liabilities</b>		<u>(3,341)</u>
<b>Net assets</b>		<u>1</u>
<b>Capital and reserves</b>		
Called up share capital	9	<u>1</u>
Share premium		<u>-</u>
<b>Total Equity</b>		<u>1</u>

The Notes on pages 10 to 15 form part of these financial statements.

These financial statements were approved by the board of directors on 5th March 2018 and were signed on its behalf by:



David Preston  
Director  
Company Number: 10219345

Cell Therapy Diabetes Limited  
Celixir House, Innovation Way  
Stratford Upon Avon CV37 7GZ

## **Cell Therapy Diabetes Limited**

### **Statement of changes in equity**

	Called up share capital	Share premium account	Total equity
	£	£	£
Issue of shares (net of issue costs)	1	-	1
Balance as at 31 July 2017	1	-	1

The Notes on pages 10 to 15 form part of these financial statements.

# Cell Therapy Diabetes Limited

## Notes to the accounts

### 1. Accounting policies

#### Basis of preparation

Cell Therapy Diabetes Limited (the "Company") is a company incorporated, domiciled and registered in the UK. The registered number is 10219345 and the registered address is Celixir House, Innovation Way, Stratford upon Avon CV37 7GZ.

The Company's financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101"). The amendments to FRS 101(2014/15 Cycle) issued in July 2015 have been applied.

In preparing these statements, the Company applies the recognition, measurement and disclosure requirements of International Reporting Standards as adopted by the EU ("adopted IFRSs"), but makes amendments where necessary in order to Comply with companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In the translation to FRS 101 from adopted IFRS, the Company has made no measurement and recognition adjustments.

The Company's ultimate parent undertaking Celixir PLC, includes the Company in its consolidated financial statements. The consolidated financial statements of Celixir PLC are prepared in accordance with International Reporting Standards and are available to the public and may be obtained from Celixir House, Innovation Way, Stratford upon Avon CV37 7GZ.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- Disclosures in respect of the compensation of Key Management personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated statements of Celixir PLC include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosure.

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

Judgments made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 2.

# **Cell Therapy Diabetes Limited**

## **1. Accounting policies**

### **Going concern**

The Company's financial statements show a loss after tax for the period of £nil and a net asset position of £1.

The directors have considered the factors that impact the Company's future development, performance, cash flows and financial position along with Company's current liquidity in forming his opinion on the going concern basis.

The directors have received a letter of support from the directors of Celixir Plc which in their opinion will allow the Company to continue as a going concern for at least 12 months from the date of approval of these accounts.

### **Taxation**

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

# **Cell Therapy Diabetes Limited**

## **1. Accounting policies**

### **Intangible assets**

Intangible assets represent costs relating to the Company's patent applications, and to specialist software acquired by the business. Costs associated with patent applications are carried at cost until revenue related to the respective patents are generated, following which they will be amortised over the remaining life of the patents, or if not granted, the costs will be fully impaired immediately. Costs associated with software are carried at cost and amortised over a period of 2-5 years. Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred.

#### *Amortisation*

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the point at which revenue related to the patent starts to be generated.

#### *Impairment of non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

### **Non-derivative financial instruments**

#### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### *Interest-bearing borrowings*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## **Cell Therapy Diabetes Limited**

### **2. Critical accounting judgments and key sources of estimation uncertainty**

In application of the Company's accounting policies above, the Directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities. These estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised if the revision affects only that period or in the period of the revision and future payments if the revision affects both current and future periods.

#### **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### *Impairment of intangible assets*

Determining whether an intangible asset is impaired requires an estimation of the value in use of the asset. It also assumes that patents will be accepted and registered. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. If a patent application is not pursued or rejected an impairment loss will arise.

#### **Principal risks**

The directors consider the principal risks of the business to relate to the successful licensing or sale of the intellectual property assets which have been transferred from Cell Therapy Limited into Cell Therapy Diabetes Limited, and to the raising of funds to improve the value of these assets through additional research and development activities. The directors believe that the value of the patents held by the Company is sufficient to attract potential partners and/or investors.

### **3. Remuneration of the auditor**

The remuneration of the auditor has been met by the parent company.

### **4. Staff numbers and costs**

The Company had no employees in the period to 31<sup>st</sup> July 2017.

### **5. Directors' remuneration**

The directors received no remuneration from the Company in the period to 31<sup>st</sup> July 2017 and their remuneration in respect of his services to the Company was not material.

## Cell Therapy Diabetes Limited

### 6. Intangible assets

	Total £
<b>Cost</b>	
As at 7 June 2016	-
<b>Additions</b>	<b>3,341</b>
<b>As at 31 July 2017</b>	<b>3,341</b>
<b>Amortisation and Impairment</b>	
As at 7 June 2016 and 31 July 2017	-
<b>Carrying Amount</b>	
<b>31 July 2017</b>	<b>3,341</b>

### 7. Trade and other receivables

Total due within one year:	<b>2017</b>
	£
Owed by Group undertakings	<b>1</b>
Total due within one year	<b>1</b>

### 8. Trade and other payables

	<b>2017</b>
	£
<b>Due within one year</b>	
Amounts owed to Group undertakings	<b>3,341</b>
	<b>3,341</b>

The directors consider that the carrying amount of trade payables approximates to their fair value.

## Cell Therapy Diabetes Limited

### 9. Called up share capital

The status of called up share capital for Company is detailed below:

#### Allotted, called up and fully paid

	2017
Number	
Ordinary shares of £1 each at start of period	-
Ordinary shares of £1 each allotted in the period	<u>1</u>
Ordinary shares of £1 each at end of period	<u>1</u>
	£
Ordinary shares of £1 each	<u>1</u>
	<u>1</u>

### 10. Events after the balance sheet date

There were no material events after the balance sheet date.