
BROKEN STRING BIOSCIENCES LIMITED

UNAUDITED

FINANCIAL STATEMENTS

INFORMATION FOR FILING WITH THE REGISTRAR

FOR THE YEAR ENDED 28 FEBRUARY 2022

BROKEN STRING BIOSCIENCES LIMITED
REGISTERED NUMBER: 12420619

BALANCE SHEET
AS AT 28 FEBRUARY 2022

	Note	2022 £	2021 £
FIXED ASSETS			
Tangible assets	4	35,274	-
		<u>35,274</u>	<u>-</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	5	181,289	80
Cash at bank and in hand		2,594,709	-
		<u>2,775,998</u>	<u>80</u>
Creditors: amounts falling due within one year	6	(135,518)	-
		<u>2,640,480</u>	<u>80</u>
NET CURRENT ASSETS			
		<u>2,675,754</u>	<u>80</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>2,675,754</u>	<u>80</u>
NET ASSETS			
		<u>2,675,754</u>	<u>80</u>
CAPITAL AND RESERVES			
Called up share capital	7	159	80
Share premium account		3,121,672	-
Profit and loss account		(446,077)	-
		<u>2,675,754</u>	<u>80</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 profit and loss account in accordance with provisions applicable to companies subject to the small companies' regime.

BROKEN STRING BIOSCIENCES LIMITED
REGISTERED NUMBER: 12420619

BALANCE SHEET (CONTINUED)
AS AT 28 FEBRUARY 2022

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

S C Kerr
Director

Date: 23 May 2022

The notes on pages 3 to 9 form part of these financial statements.

BROKEN STRING BIOSCIENCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 28 FEBRUARY 2022

1. GENERAL INFORMATION

Broken String Biosciences Limited is a private company limited shares and was incorporated in England and Wales on 23 January 2020.

The registered office address is BioData Innovation Centre, Wellcome Genome Campus, Hinxton, Cambridge, CB10 1DR.

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 financial statements have been prepared on the going concern basis which assumes that the company will continue as a going for the foreseeable future. The trading losses reported to date are consistent with the company's business plan as it progresses its research and development activities.

Given the investment received, together with the development progress achieved, the directors have a reasonable expectation that the company will be able to meet its liabilities as they fall due for the foreseeable future and therefore continue to adopt the going concern basis.

2.3 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

2. ACCOUNTING POLICIES (CONTINUED)

2.4 TURNOVER

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the Company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before turnover is recognised:

Rendering of services

Turnover from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of turnover can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 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:

Leasehold improvements	-
	5 years straight-line
Plant and machinery	-
	3 years straight-line
Office equipment	-
	3 years straight-line
Computer equipment	-
	3 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.

2.6 DEBTORS

Short-term debtors are measured at transaction price, less any impairment.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

2. ACCOUNTING POLICIES (CONTINUED)

2.7 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.

2.8 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.

2.9 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.

2.10 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

2. ACCOUNTING POLICIES (CONTINUED)

2.11 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.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. EMPLOYEES

The average monthly number of employees, including directors, during the year was 4 (2021 - 0).

BROKEN STRING BIOSCIENCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022

4. TANGIBLE FIXED ASSETS

	Leasehold improvements	Plant and machinery	Office equipment	Computer equipment	Total
	£	£	£	£	£
COST OR VALUATION					
Additions	22,493	940	5,268	9,196	37,897
	22,493	940	5,268	9,196	37,897
At 28 February 2022					
DEPRECIATION					
Charge for the year on owned assets	555	61	338	1,669	2,623
	555	61	338	1,669	2,623
At 28 February 2022					
NET BOOK VALUE					
At 28 February 2022	<u>21,938</u>	<u>879</u>	<u>4,930</u>	<u>7,527</u>	<u>35,274</u>
At 28 February 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

BROKEN STRING BIOSCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade debtors	88,739	-
Other debtors	39,040	-
Called up share capital not paid	-	80
Prepayments and accrued income	53,510	-
	<u>181,289</u>	<u>80</u>

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2022	2021
	£	£
Trade creditors	71,125	-
Other creditors	2,741	-
Accruals and deferred income	61,652	-
	<u>135,518</u>	<u>-</u>

Other creditors include contributions of £2,741 (2021 - £NIL) payable to the company's defined contribution pension scheme at the balance sheet date.

BROKEN STRING BIOSCIENCES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28 FEBRUARY 2022**

7. SHARE CAPITAL

	2022 £	2021 £
ALLOTTED, CALLED UP AND FULLY PAID		
1,086,957 Ordinary shares of £0.0001 each	108.70	-
498,196 Series Seed shares of £0.0001 each	49.82	-
	<u>158.52</u>	<u>-</u>
ALLOTTED, CALLED UP AND UNPAID		
800,000 Ordinary shares of £0.0001 each	<u>-</u>	<u>80.00</u>

On 1 March 2021 the company issued 86,957 Ordinary shares of £0.0001 each at par value.

On 24 March 2021 the company issued 200,000 Ordinary shares of £0.0001 each at par value.

On 7 September 2021 the company issued the following shares:

- 390,434 Series Seed shares of £0.0001 each at €8.28 per share.
- 10,869 Series Seed shares of £0.0001 each at €5.875 per share.
- 29,275 Series Seed shares of £0.0001 each at €5.816 per share.
- 43,913 Series Seed shares of £0.0001 each at €3.878 per share.
- 23,705 Series Seed shares of £0.0001 each at €3.592 per share.

8. COMMITMENTS UNDER OPERATING LEASES

At 28 February 2022 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2022 £	2021 £
Not later than 1 year	87,273	-
Later than 1 year and not later than 5 years	148,954	-
	<u>236,227</u>	<u>-</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.