

Registered number: NI040375

# Venn Life Sciences (NI) Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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# **VENN LIFE SCIENCES (NI) LIMITED**

## **COMPANY INFORMATION**

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### **Directors**

Cathal Friel  
Leo Toole

### **Company Secretary**

Cathal Friel

### **Registered number**

NI040375

### **Registered office**

Forsyth House  
Cromac House  
Belfast  
Northern Ireland  
BT2 8LA

### **Bankers**

Ulster Bank Ltd  
11-16 Donegall Square East  
Belfast  
BT1 5UB

### **Solicitors**

BPE Solicitors LLP  
St James' House  
St James' Square  
Cheltenham GL50 3PR

### **Auditors**

Jeffreys Henry LLP  
Finsgate  
5-7 Cranwood Street  
London  
EC1V 9EE

# **VENN LIFE SCIENCES (NI) LIMITED**

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# Venn Life Sciences (NI) Limited

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

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### **Key performance indicators, review of business and future developments**

The key performance indicators currently used by the company are revenue and net assets or liabilities. The company intends to establish other key performance indicators in due course once the company has matured sufficiently. The company does not use and does not at present intend to use non-financial key performance indicators.

During the year to 31 December 2019 the company incurred a net loss of £162,895 (2018 – profit of £11,423). The Balance Sheet moved from a net liabilities position of £54,904 to a net liabilities position of £217,799. The company continues to offer Sponsors a comprehensive range of customised Clinical Trial Services..

### **Principal risks and uncertainties**


#### *Regulatory risk*

There can be no guarantee that any of the company's services will be able to obtain or maintain the necessary regulatory approvals in any or all of the territories in respect of which applications for such approvals are made. Where regulatory approvals are obtained, there can be no guarantee that the conditions attached to such approvals will not be considered too onerous by the company or its partners in order to be able to market their products effectively. The company seeks to reduce this risk by developing products using safe, well-characterised active compounds with known risk profiles, by seeking advice from regulatory advisers, consultations with regulatory approval bodies and by working with experienced distribution partners.

#### *Competition risk*

The company's current and future potential competitors include, amongst others, major multinational pharmaceutical and healthcare companies with substantially greater resources than those of the company. There can be no assurance that competitors will not succeed in developing systems and products that are more effective or economic than any of those developed by the company, with its partners, or which would render the partners' products obsolete or otherwise non-competitive. The company seeks to reduce this risk by ensuring that a professional and better standard service is provided to its partners for registering their products, maintaining confidentiality agreements and selecting leading businesses in their respective fields as partners capable of addressing significant competition, should it arise. The company has instigated certain financial risk management policies and procedures which are set out in note 16 to the financial statements.

This report was approved by the board on 20/11/2019 and signed on its behalf by:



Cathal Friel  
Director

# **VENN LIFE SCIENCES (NI) LIMITED**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the financial statements of the company for the year ended 31 December 2019.

#### **Principal activities**

The principal activity of the company is to manage and coordinate clinical trials on behalf of Pharmaceutical and Biotechnology companies.

#### **Results**

The company's loss for the year is £162,895 (previous year profit £11,423).

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements were:

Cathal Friel (Appointed 1 August 2019)  
Leo Toole (Appointed 1 December 2019)  
Tony Richardson (Resigned 31 July 2019)

#### **Strategic Report**

In accordance with section 414C(11) of the Companies Act 2006 the Company choose to report the review of the business, the future outlook and the risks and uncertainties faced by the company in the Strategic Report on page 4.

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations and in accordance with International Standards as adopted by the European Union.

Company law requires the directors to prepare financial statements for each financial year. 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 those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

# **VENN LIFE SCIENCES (NI) LIMITED**

## **DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors are responsible for keeping adequate accounting records that are sufficient to show and explain 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.

### **Auditors**

In accordance with the company's articles, a resolution proposing that Jeffreys Henry LLP be reappointed as auditors of the company will be put at a General Meeting.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report was approved by the board on 29/11/2020 and signed on its behalf by:



Cathal Friel  
Director

# Venn Life Sciences (NI) Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENN LIFE SCIENCES (NI) LIMITED

### Opinion

We have audited the financial statements of Venn Life Sciences (NI) Limited for year ended 31 December 2019, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view, of the state of the company's affairs as at 31 December 2019, of the company's loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly 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 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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 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.

# Venn Life Sciences (NI) Limited

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENN LIFE SCIENCES (NI) LIMITED

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

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and in 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 has 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 company and its environment obtained in the course of the audit, we have not identified any material misstatement in the strategic report and the directors' report.

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.

### Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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 misstatements, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 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. Misstatement 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.




## Venn Life Sciences (NI) Limited

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VENN LIFE SCIENCES (NI) LIMITED

#### Use of our 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.

 20/11/20

Sudhir Rawal

**Senior Statutory Auditor**

For and on behalf of Jeffreys Henry LLP

Chartered Accountants, Statutory Audit Firm

Finsgate, 5-7 Cranwood Street

London EC1V 9EE, United Kingdom

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# Venn Life Sciences (NI) Limited

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Turnover		157,277	149,149
Cost of sales		(133,164)	(162,548)
<b>Gross profit/(loss)</b>		<b>24,113</b>	<b>(13,399)</b>
Net operating expenses		(132,678)	(49,765)
<b>Operating loss</b>	<b>3</b>	<b>(108,565)</b>	<b>(63,164)</b>
Interest receivable and similar income		-	-
Interest payable and similar charges		(54,330)	(46,602)
<b>Operating loss after interest</b>		<b>(162,895)</b>	<b>(109,766)</b>
Exceptional item	<b>5</b>	-	121,189
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(162,895)</b>	<b>11,423</b>
Tax on (loss)/ profit on ordinary activities	<b>6</b>	-	-
<b>(Loss)/profit for the financial year</b>		<b>(162,895)</b>	<b>11,423</b>
<b>Basic and Diluted (loss)/profit per share</b>	<b>7</b>	<b>(£0.13)</b>	<b>£0.01</b>

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the statement of comprehensive income and the losses stated above are also the comprehensive losses.

The notes on pages 14 to 27 are an integral part of these financial statements.

**Venn Life Sciences (NI) Limited****STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2019**

	Note	As at 31 December 2019 £	As at 31 December 2018 £
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	8	20,417	34,018
		<u>20,417</u>	<u>34,018</u>
<b>Current Assets</b>			
Trade and other receivables	9	612,214	511,456
Cash and cash equivalents	10	4,028	1,528
		<u>616,242</u>	<u>512,984</u>
<b>Total Assets</b>		<u><u>636,659</u></u>	<u><u>547,002</u></u>
<b>Equity</b>			
Issued capital	11	447,001	447,001
Accumulated deficit		(664,800)	(501,905)
<b>Total Equity</b>		<u>(217,799)</u>	<u>(54,904)</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	854,458	601,906
<b>Total Equity and Liabilities</b>		<u><u>636,659</u></u>	<u><u>547,002</u></u>

These financial statements were approved and authorised for issue by the Board of Directors on 20/11/2020 and were signed on its behalf by:



Cathal Friel  
Director

Company Registration No. NI040375

The notes on pages 14 to 27 are an integral part of these financial statements.

**Venn Life Sciences (NI) Limited****STATEMENT OF CHANGES IN EQUITY****FOR THE YEAR ENDED 31 DECEMBER 2019**

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	<b>Share Capital £</b>	<b>Accumulated Deficit £</b>	<b>Total £</b>
<b>As at 1 January 2018</b>	<b>447,001</b>	<b>(513,328)</b>	<b>(66,327)</b>
Profit for the year	-	11,423	11,423
<b>As at 31 December 2018</b>	<b>447,001</b>	<b>(501,905)</b>	<b>(54,904)</b>
Loss for the year	-	(162,895)	(162,895)
<b>As at 31 December 2019</b>	<b>447,001</b>	<b>(664,800)</b>	<b>(217,799)</b>

Share capital

Amount subscribed for shares at nominal value.

Accumulated Deficit

Cumulative losses of the company attributable to equity shareholders.

The notes on pages 14 to 27 are an integral part of these financial statements.

# Venn Life Sciences (NI) Limited

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Year ended 31 December 2019		Year ended 31 December 2018	
	£	£	£	£
<b>Cash flows from operating activities</b>				
(Loss)/profit before taxation	(162,895)		11,423	
Adjustments for:				
Depreciation	15,263		11,710	
(Increase)/decrease in receivables	(100,758)		298,489	
Increase/(decrease) in payables	252,552		(297,303)	
Cash generated from operations	<u>4,162</u>		<u>24,319</u>	
<b>Net cash inflow from operating activities</b>		<b>4,162</b>		<b>24,319</b>
<b>Cash flows from investing activities</b>				
Addition of property, plant and equipment	(1,662)		(25,438)	
<b>Net cash outflow from investing activities</b>		<b>(1,662)</b>		<b>(25,438)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,500</b>		<b>(1,119)</b>
Cash and cash equivalents at the beginning of the period		1,528		2,647
Cash and cash equivalents at the period end		<u>4,028</u>		<u>1,528</u>

The notes on pages 14 to 27 are an integral part of these financial statements.

# Venn Life Sciences (NI) Limited

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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### 1. Accounting Convention and general information

Venn Life Sciences (NI) Limited is a private limited company limited by shares incorporated in Northern Ireland on 9 March 2001 under the Companies Act 2006. Details of the registered office, the officers and advisers to the company are presented on the company information page at the start of this report.

The principal activity of the company is to manage and coordinate clinical trials on behalf of Pharmaceutical and Biotechnology companies.

### 2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied throughout the year, unless otherwise stated.

#### 2.1 Basis of preparation

These financial statements for the year ended 31 December 2019 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs), IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. Practice is continuing to evolve on the application and interpretations of IFRS.

The financial statements have been prepared under the historical cost convention.

The financial statements are presented in Pounds Sterling (GBP).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.12.

#### Changes in accounting policies and disclosures

The accounting policies adopted are consistent with those of the previous financial year.

The changes to new standards for the current period and effective from 1 January 2019 include:

IFRS 16	Leases
IAS 19	Employee Benefits (amendment)

The Company applies, for the first time, IFRS 16 Leases. However, currently Venn Life Sciences (NI) Ltd does not have any leases which meet the criteria for this standard. See note 2.5 for details in relation to the operation of short-term leases and leases of low value assets.

New standards and amendments to IFRSs effective as of 1 January 2019 have been reviewed by the Company and there has been no material impact on the financial statements as a result of these standards and amendment. The company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

## **Venn Life Sciences (NI) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Standards issued but not yet effective**

There were a number of standards and interpretations which were in issue at 31 December 2019 but were not effective at 31 December 2019 and have not been adopted for these Financial Statements. The new standards will not be early adopted by the company and will be incorporated in the preparation of the company Financial Statements from the effective dates noted below.

#### **Summary of significant accounting policies**

The new standards include:

IFRS 3	Business Combinations <sup>1</sup>
IFRS 17	Insurance Contracts <sup>2</sup>
IAS 1	Presentation of Financial Statements <sup>1</sup>
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors <sup>1</sup>

1 Effective for annual periods beginning on or after 1 January 2020

2 Effective for annual periods beginning on or after 1 January 2021

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

## **2.2 Going Concern**

These financial statements have been prepared on the assumption that the company is a going concern.

The parent company, Open Orphan Plc, have confirmed that they will continue to support the Company. This will enable the Company to trade in the foreseeable future.

The financial statements do not include any adjustments that would result if the above support was withdrawn.

## **Venn Life Sciences (NI) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **2.3 Revenue recognition**

The company provides clinical consulting services and drug development services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined in reference to the stage of completion which is measured by labour hours incurred to the period end as a percentage of the total estimated labour hours for the contract. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

Some contracts include multiple performance obligations in the form of various service offerings. Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation measured by reference to labour hours incurred to the period end as a percentage of the total estimated labour hours to achieve a particular performance obligation. Where the contract outcome cannot be measured reliably, revenue is recognised to the extent of the expenses recognised that are recoverable.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

Terms and Conditions tend to vary from contract to contract and in general the payment terms tend to be between 30 and 60 days.

Some contracts include references to milestone events. Where no fee is payable until a milestone is achieved, revenue is recognised up to the value of the milestone event set to occur.

2018 was the first year in which IFRS 15 had been adopted. In line with the transition requirements of IFRS 15, the company chose to retain prior period figures as reported under the previous standards, recognising the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as at the date of initial application.

The company is applying practical expedient per IFRS 15 to not disclose the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period as the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date and recognise revenue in the amount to which the entity has right to invoice.

#### **2.4 Research and Development**

Research expenditure is written off to the statement of comprehensive income in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.



## **Venn Life Sciences (NI) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **2.5 Short-term leases and leases of low-value assets**

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value (i.e., below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. Short-term Lease payments expensed in year ended 31/12/19: £8.5k (2018: £8.5k).

#### **2.6 Taxes**

Current tax assets and liabilities are measured at the amount expected to be recovered or paid based on UK tax rates and UK laws enacted at the year end.

Deferred tax is provided, using the liability method, on material temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets relating to the carry-forward of unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. Current and deferred tax assets and liabilities are offset when the income taxes are levied by the same taxation authority and when there is a legally enforceable right to offset them.

#### **2.7 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the statement of comprehensive income.

#### **2.8 Financial Instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

##### **Trade and other receivables**

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to the initial recognition, trade and receivables are measured at amortised cost less impairment losses for bad and doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

## **Venn Life Sciences (NI) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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#### **Cash and cash equivalents**

Cash and cash equivalents comprised of cash at bank and in hand.

#### **Fair values**

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the company at the statement of financial position date approximated their fair values, due to relatively short-term nature of these financial instruments.

#### **Trade and other payables**

Trade and other payables are initially recognised at fair value and thereafter stated in amortised cost, except where the payables are interest free loans made by related parties without any fixed repayment terms or the effect of discounting would be immaterial, in which case they are stated at cost.

#### **Capital management**

Capital is made up of stated capital, premium and retained earnings. The objective of the company's capital management is to ensure that it maintains strong credit ratings and capital ratios. This will ensure that the business is correctly supported and shareholder value is maximised.

The company manages its capital structure through adjustments that are dependent on economic conditions. In order to maintain or adjust the capital structure, the company may choose to change or amend dividend payments to shareholders or issue new share capital to shareholders. There were no changes to the objectives, policies or processes during the year ended 31 December 2019.

#### **2.9 Equity instruments**

Equity instruments issued by the company are recorded at the proceeds received. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against share capital.

#### **2.10 Property, plant and equipment**

Property, plant and equipment are stated at historical cost less subsequent accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to write off their cost over their estimated useful lives at the following annual rates:

Computer equipment	25%	Office equipment	25%
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Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

## **Venn Life Sciences (NI) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

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An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss in the year in which the asset is derecognised.

#### **2.11 Segmental Reporting**

In the opinion of the directors, the company has one class of business, being that of research and development. The company's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is the UK. All costs are derived from the single segment.

#### **2.12 Accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the company's accounting policies. The nature of estimation means that actual outcomes could differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities with the next financial year are stated below.

##### **Deferred tax assets**

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits.

#### **2.13 Pensions**

The company operates a defined contribution pension scheme for all employees. The assets of the scheme are held separately from those of the company. Payments into the scheme are charged as an expense as they fall due.

# Venn Life Sciences (NI) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

3. Operating profit/(loss)	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Operating (loss)/profit is stated after charging:		
Operating lease rentals	8,500	8,461
Auditors' remuneration – audit fees	6,000	5,600
Foreign exchange differences	43,305	255
Bank charges	300	521
Depreciation	15,263	11,710

4. Employees Remuneration	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Salaries	443,296	388,062
Directors remuneration	-	83,063
Social security costs	47,255	53,229
Healthcare	6,492	2,895
Pension contributions	24,147	11,740
	<u>521,190</u>	<u>538,989</u>

The average number of employees during the year was as follows:

	2019	2018
Directors	-	1
Administrative and management	7	9
	<u>7</u>	<u>10</u>

Directors Allan Wood and Mary Sheahan, who were employed by then parent company Venn Life Sciences Holdings PLC in 2018, had their payroll administered through Venn Life Sciences (NI) Ltd.

# Venn Life Sciences (NI) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

5. Exceptional item	Year ended 31 December 2019	Year ended 31 December 2018
Inter-company balance impairment	-	121,189
	<u>-</u>	<u>121,189</u>

An impairment of an inter-company balance between Open Orphan PLC (formerly Venn Life Sciences Holdings PLC) and Venn Life Sciences (NI) Ltd was recognised at the year-end 31 December 2018 by Open Orphan PLC (formerly Venn Life Sciences Holdings PLC). The debt was deemed un-collectible and the impairment entry was recognized as exceptional item in Venn Life Sciences (NI) Ltd accounts. There was no equivalent impairment in 2019.

6. Taxation	Year ended 31 December 2019 £	Year ended 31 December 2018 £
Domestic current year tax	-	-
U.K. corporation tax credit	-	-
Total current tax credit for the year	<u>-</u>	<u>-</u>
Factors affecting the tax charge for the year		
(Loss)/profit on ordinary activities before tax	<u>(162,895)</u>	<u>11,423</u>
(Loss)/profit on ordinary activities before taxation multiplied by standard UK corporation of tax of 19% (2018-19%)	<u>(30,950)</u>	<u>2,170</u>
Effects of:		
Depreciation	2,926	2,225
Losses brought forward utilised	-	(529)
Tax losses created	28,024	-
Capital allowances	-	(3,866)
Current tax charge for the year	<u>-</u>	<u>-</u>

## Venn Life Sciences (NI) Limited

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

#### FOR THE YEAR ENDED 31 DECEMBER 2019

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The company has estimated losses of £785,181 (2018: £511,400) available for carry forward against future trading profits.

The tax losses have resulted in a deferred tax asset of approximately £149,184 (2018: £97,166) at a rate of 19% (2018: 19%) which has not been recognised as it is uncertain whether future taxable profits will be sufficient to utilise the losses.

7. (Loss)/Profit per share	Year ended 31 December 2019	Year ended 31 December 2018
(Loss)/profit for the purposes of basic and diluted loss per share	(£162,895)	£11,423
Weighted average number of ordinary shares	1,302,001	1,302,001
(Loss)/profit per share	<u>(£0.13)</u>	<u>£0.01</u>

Basic earnings per share is calculated by dividing the earnings attributable shareholders by the weighted average number of ordinary shares outstanding during the period. Basic and diluted earnings per share are the same, since there were no potentially dilutive equity instruments outstanding as at 31 December 2018 and 2019.

Issued share capital:

402,001 ordinary shares of £1.00 each

900,000 ordinary shares of £0.05 each

**Venn Life Sciences (NI) Limited**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**8. Property, plant and equipment**

	<b>Computer Equipment £</b>	<b>Office Equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 January 2018	31,568	10,279	41,847
Additions	25,438	-	25,438
As at 31 December 2018	57,006	10,279	67,285
Additions	1,662	-	1,662
As at 31 December 2019	58,668	10,279	68,947
<b>Accumulated Depreciation</b>			
At 1 January 2018	14,639	6,918	21,557
Charge for the year	10,573	1,137	11,710
As at 31 December 2018	25,212	8,055	33,267
Charge for the year	14,176	1,087	15,263
As at 31 December 2019	39,388	9,142	48,530
As at 31 December 2019	19,280	1,137	20,417
As at 31 December 2018	31,794	2,224	34,018

**9. Trade and other receivables**

	<b>31 December 2019 £</b>	<b>31 December 2018 £</b>
Amounts owed from group undertakings	584,684	506,718
Taxation	1,126	-
Prepayments	26,404	4,738
	<b>612,214</b>	<b>511,456</b>

# Venn Life Sciences (NI) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

10. Cash and cash equivalents	31 December 2019	31 December 2018
	£	£
Cash and cash equivalents	4,028	1,528
	<u>4,028</u>	<u>1,528</u>
11. Called up share capital	31 December 2019	31 December 2018
	£	£
Issued share capital fully paid		
402,001 ordinary shares of £1.00 each	402,001	402,001
900,000 ordinary shares of £0.05 each	45,000	45,000
	<u>447,001</u>	<u>447,001</u>

Ordinary shares have par values as described above. They entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

12. Trade and other payables	31 December 2019	31 December 2018
	£	£
Trade payables	3,562	(5,683)
Other tax and social security	8,294	39,651
Accruals and other payables	12,270	7,990
Amount due to group undertakings	830,332	559,948
	<u>854,458</u>	<u>601,906</u>



# Venn Life Sciences (NI) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

### 13. Financial commitments

	31 December 2019	31 December 2018
	£	£
At 31 December 2019, the company had annual commitments under non-cancellable operating leases expiring as follows		
Within one year	-	10,304
Between two and five years	-	17,391
	-	27,695

### 14. Control

Open Orphan PLC (formerly Venn Life Sciences Holdings Plc) is the ultimate controlling party and is also the parent undertaking for which group accounts are drawn up.

Group accounts are available from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

### 15. Related Party Transactions

The company had the following transactions with fellow subsidiaries:

	31 December 2019	31 December 2018
	£	£
Owed by VLS Germany GmbH	53,866	20,248
Owed by VLS France	212,144	129,175
Owed by VLS EDS BV	285,623	116,356
Owed by VLS Netherlands BV	32,768	17,562
Owed by VLS Legal BV	283	299
Owed to Open Orphan Plc (Formerly VLS Holding Plc)	(212,060)	94,454
Owed to VLS Ltd	(591,868)	(404,423)
Owed to VLS UK Ltd	(26,404)	(26,459)

## Venn Life Sciences (NI) Limited

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 16. Financial Instruments

##### Financial risk factors

The Company's financial risk factors are covered within the Company's policies and procedures. The Company's activities expose it to a variety of financial risks: market risk (foreign exchange risk, cash flow and fair value interest rate risk), credit risk, liquidity risk and capital risk. The Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise the potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge risk exposures.

Risk management is carried out by the head office finance team. It evaluates and mitigates financial risks in close co-operation with the Company's operating units. The Board provides principles for overall risk management whilst the head office finance team provides specific policy guidance for the operating units in terms of managing foreign exchange risk, credit risk and cash and liquidity management.

##### *(a) Market risk*

###### *(i) Foreign exchange – cash flow risk*

The Company's presentation currency is GBP although it operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily between Euro, USD and GBP such that the Company's cash flows are affected by fluctuations in the rate of exchange between GBP and the aforementioned foreign currencies.

Management do not use derivative financial instruments to mitigate the impact of any residual foreign currency exposure not mitigated by the natural hedge within the business model. The Company does not speculate in foreign currencies and no operating Company is permitted to take unmatched positions in any foreign currency.

###### *(ii) Cash flow and fair value interest rate risk*

The Company has assets in the form of cash and cash equivalents and limited interest-bearing liabilities which relate to long-term borrowing. Interest rates on cash and cash equivalents are currently zero whilst interest rates on borrowings have been fixed and therefore expose the Company to fair value interest rate risk. The Company does not speculate on future changes in interest rates.

It is the Company's policy not to trade in derivative financial instruments. The Company does not use interest rate swaps.

## Venn Life Sciences (NI) Limited

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

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#### *(b) Credit risk*

The Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. It is the Company policy to obtain deposits from customers where possible, particularly overseas customers. In addition the Company will seek confirmed letters of credit for the balances due. Credit risk is managed at the Company level and monitored at the Group level to ensure adherence to Group policies. If there is no independent rating, local management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

Credit risk also arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers.

#### *(c) Liquidity risk*

The Company monitors cash and cash flow forecasts and it is the Company's liquidity risk management policy to maintain sufficient cash and available funding through an adequate amount of cash and cash equivalents and committed credit facilities from its bankers.

#### *(d) Capital risk management*

The Company's objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "current and non-current borrowings" as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is the sum of net debt plus equity.

## 17. Subsequent events

Events in relation to the COVID-19 outbreak are evolving rapidly and the Company is closely monitoring the situation as it develops. Given the rapidly evolving nature of the pandemic, financial risk mitigation plans are in place.