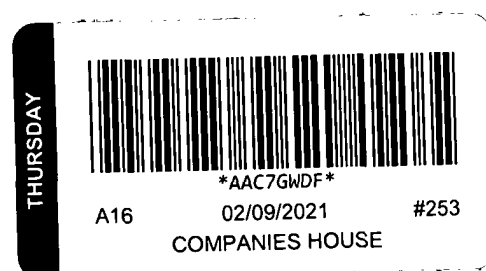


Registered number: NI040375

Venn Life Sciences (NI) Limited

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020



VENN LIFE SCIENCES (NI) LIMITED

COMPANY INFORMATION

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 2020

Key performance indicators, review of business and future developments

The key performance indicators used by the company to date were revenue and net assets or liabilities.

During the year to 31 December 2020 the company incurred a net loss of £175,185 (2019 £162,895). The Balance Sheet moved from a net liabilities position of £217,799 to a net liabilities position of £392,984.

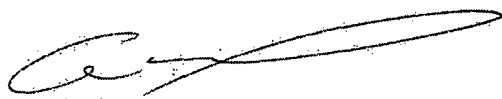
During 2020 the parent company, Open Orphan Plc, decided to close its clinical division across the group and this decision impacted Venn Life Sciences (NI) Ltd directly. Consequently, all staff were made redundant during 2020 and the Company has ceased trading from 1 January 2021.

The company intend to cease trading, hence the accounts have been prepared on a basis other than going concern.

Principal risks and uncertainties

As stated above the Company intends to cease trading and so risks and uncertainties relating to the ongoing trade are considered irrelevant.

This report was approved by the board on 23 August 2021 and signed on its behalf by:



.....
Cathal Friel
Director

VENN LIFE SCIENCES (NI) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements of the company for the year ended 31 December 2020.

Principal activities

The principal activity of the company was to manage and coordinate clinical trials on behalf of Pharmaceutical and Biotechnology companies. Going forward the Company will cease trading and has therefore prepared the financial reporting on a basis other than going concern.

Results

The company's loss for the year was £175,185 (2019: £162,895).

Directors

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

Cathal Friel
Leo Toole

Preparation of accounts on basis other than going concern

The Directors intend to liquidate the company post year end, hence the accounts have been prepared on a basis other than going concern.

In accordance with section 414C(11) of the Companies Act 2006 the Company choose to report the future outlook and the risks and uncertainties faced by the company, despite imminent liquidation, 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.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with International Standards as adopted by the European Union. 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 2020

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.

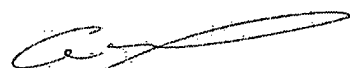
Auditors

The Company has ceased trading from 1 January 2021; Jeffreys Henry LLP will not be required for reappointment as auditors of the company going forward as the Directors intend to liquidate the company.

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 23 August 2021 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 2020, 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 2020, 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.

Emphasis of matter

We draw your attention to notes 1 and 2.2 which states that the company ceased trading with effect from 1 January 2021 and management intend to liquidate the company and therefore the financial statements have been prepared on a basis other than going concern.

Our opinion is not modified in respect of this matter.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the senior statutory auditor ensured the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

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

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 2.11 were indicative of potential bias;
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- Obtaining confirmation of compliance from the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

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.



24/8/21

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

Venn Life Sciences (NI) Limited

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Turnover		80,837	157,277
Cost of sales		(161,089)	(133,164)
Gross (loss)/profit		(80,252)	24,113
Other income		21,906	-
Net operating expenses		(101,619)	(132,678)
Operating loss	3	(159,965)	(108,565)
Interest receivable and similar income		-	-
Interest payable and similar charges		(15,220)	(54,330)
Operating loss after interest		(175,185)	(162,895)
Loss on ordinary activities before taxation		(175,185)	(162,895)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year		(175,185)	(162,895)
Basic and Diluted loss per share	6	(£0.13)	(£0.13)

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 26 are an integral part of these financial statements.

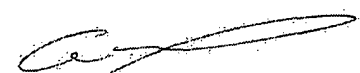
Venn Life Sciences (NI) Limited

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	As at 31 December 2020 £	As at 31 December 2019 £
Assets			
Non-Current Assets			
Property, plant and equipment	7	-	20,417
		-	20,417
Current Assets			
Trade and other receivables	8	796,016	612,214
Cash and cash equivalents	9	18,824	4,028
		814,840	616,242
Total Assets		814,840	636,659
Equity			
Issued capital	10	447,001	447,001
Accumulated deficit		(839,985)	(664,800)
Total Equity		(392,984)	(217,799)
Liabilities			
Current Liabilities			
Trade and other payables	11	1,207,824	854,458
Total Equity and Liabilities		814,840	636,659

These financial statements were approved and authorised for issue by the Board of Directors on 23 August 2021 and were signed on its behalf by:



Cathal Friel
Director

Company Registration No. NI040375

The notes on pages 14 to 26 are an integral part of these financial statements.

Venn Life Sciences (NI) Limited

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share Capital £	Accumulated Deficit £	Total £
As at 1 January 2019	447,001	(501,905)	(54,904)
Loss for the year	-	(162,895)	(162,895)
As at 31 December 2019	447,001	(664,800)	(217,799)
Loss for the year	-	(175,185)	(175,185)
As at 31 December 2020	447,001	(839,985)	(392,984)

Share capital

Accumulated Deficit

Amount subscribed for shares at nominal value.

Cumulative losses of the company attributable to shareholders.

The notes on pages 14 to 26 are an integral part of these financial statements.

Venn Life Sciences (NI) Limited

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	Year ended 31 December 2020		Year ended 31 December 2019	
	£	£	£	£
Cash flows from operating activities				
Loss before taxation	(175,185)		(162,895)	
Adjustments for:				
Depreciation	11,501		15,263	
Loss on disposal of fixed assets	8,916		-	
Increase in receivables	(183,802)		(100,758)	
Increase in payables	353,366		252,552	
Cash generated from operations	<u>14,796</u>		<u>4,162</u>	
Net cash inflow from operating activities		14,796		4,162
Cash flows from investing activities				
Addition of property, plant and equipment	-		(1,662)	
Net cash outflow from investing activities		-		(1,662)
Net increase in cash and cash equivalents		14,796		2,500
Cash and cash equivalents at the beginning of the period		4,028		1,528
Cash and cash equivalents at the period end		18,824		4,028

The notes on pages 14 to 26 are an integral part of these financial statements.

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

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 was to manage and coordinate clinical trials on behalf of Pharmaceutical and Biotechnology companies.

Management have made the decision to liquidate the company post year end in its efforts to streamline the group and focus on CRO pharmaceutical services. As such, the Company has ceased trading from 1 January 2021 and the accounts have been prepared on a basis other than going concern.

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 2020 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 2.11.

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 2020 include:

IFRS 3	Business Combinations
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors

We consider that there has been no impact on adoption of the new standards on the Company.

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Summary of new accounting policies

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the Company Financial Statements.

The Company has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective.

Standards issued but not yet effective

There were a number of standards and interpretations which were in issue at 31 December 2020 but not effective for periods commencing 1 January 2020 and have not been adopted for these Financial Statements. The Directors have assessed the full impact of these accounting changes on the Company. To the extent that they may be applicable, the Directors have concluded that none of these pronouncements will cause material adjustments to the Company's Financial Statements. They may result in consequential changes to the accounting policies and other note disclosures. 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.

The new standards include:

*IFRS 17	Insurance Contracts ²
*IFRS 9	Interest Rates ¹
*IAS39/IFRS7	Benchmark Reform ¹
*IFRS16 (Amendment) ¹	Leases ¹ – Covid [1] 19 related rent concessions
*IAS 1	Presentation of Financial Statements ²

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

2 Effective for annual periods beginning on or after 1 January 2023

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

Management have made the decision to liquidate the company post year end in its efforts to streamline the group and focus on CRO pharmaceutical services. As such, the Company has ceased trading from 1 January 2021 and the accounts have been prepared on a basis other than going concern.

There have been no adjustments required to the financial information to prepare the accounts on this basis.

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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 Short-term leases and leases of low-value assets

The Company 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.

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2.5 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.

2.6 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.

2.7 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.

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.

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

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 2020.

2.8 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.

2.9 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%
--------------------	-----	------------------	-----

Useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting period.

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.

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

2.10 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.

2.11 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.

2.12 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.

2.13 Government grants

Government grants are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the asset.

3. Operating loss

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Operating loss is stated after charging :		
Lease expense relating to short term leases	6,763	8,500
Auditor's remuneration – audit fees	5,500	5,250
Auditor's remuneration – tax fees	800	750
Foreign exchange differences	(26,276)	43,305
Bank charges	103	300
Depreciation	11,501	15,263
Loss on disposal of fixed assets	8,916	-

As at 31 December 2020, the company had no annual commitments under non cancellable operating leases (2019: £nil).

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

4. Employees Remuneration	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Salaries	228,198	443,296
Social security costs	22,687	47,255
Healthcare	1,325	6,492
Pension contributions	12,930	24,147
	<u>265,140</u>	<u>521,190</u>

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

	2020	2019
Directors	2	2
Administrative and management	3	7
	<u>5</u>	<u>9</u>

5. Taxation	Year ended 31 December 2020 £	Year ended 31 December 2019 £
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 on ordinary activities before tax	<u>(175,185)</u>	<u>(162,895)</u>

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

Loss on ordinary activities before taxation multiplied by standard UK corporation of tax of 19% (2019: 19%)	(33,285)	(30,950)
Effects of:		
Depreciation	2,185	2,926
Tax losses created	31,100	28,024
Current tax charge for the year	-	-

The company has estimated losses of £948,999 (2019: £785,181) available for carry forward against future trading profits.

The tax losses have resulted in a deferred tax asset of approximately £180,310 (2019: £149,184) at a rate of 19% (2019: 19%) which has not been recognised as there will not be future taxable profits to utilise the losses.

6. Loss per share

	Year ended 31 December 2020	Year ended 31 December 2019
Loss for the purposes of basic and diluted loss per share	(£175,185)	(£162,895)
Weighted average number of ordinary shares	1,302,001	1,302,001
Loss per share	<u>(£0.13)</u>	<u>(£0.13)</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 2019 and 2020.

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 2020

7. Property, plant and equipment

	Computer Equipment £	Office Equipment £	Total £
Cost			
At 1 January 2019	57,006	10,279	67,285
Additions	1,662	-	1,662
As at 31 December 2019	58,668	10,279	68,947
Disposals	(58,668)	(10,279)	(68,947)
As at 31 December 2020	-	-	-
Accumulated Depreciation			
At 1 January 2019	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
Charge for the year	10,682	819	11,501
Depreciation on disposals	(50,070)	(9,961)	(60,031)
As at 31 December 2020	-	-	-
As at 31 December 2020	-	-	-
As at 31 December 2019	19,280	1,137	20,417

8. Trade and other receivables

	31 December 2020 £	31 December 2019 £
Amounts owed from group undertakings	791,607	584,684
Taxation	4,409	1,126
Prepayments	-	26,404
	796,016	612,214

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

9. Cash and cash equivalents	31 December 2020 £	31 December 2019 £
Cash and cash equivalents	18,824	4,028
	<u>18,824</u>	<u>4,028</u>
10. Called up share capital	31 December 2020 £	31 December 2019 £
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>
<p>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.</p>		
11. Trade and other payables	31 December 2020 £	31 December 2019 £
Trade payables	53	3,562
Other tax and social security	16,406	8,294
Accruals and other payables	9,706	12,270
Amount due to group undertakings	1,181,659	830,332
	<u>1,207,824</u>	<u>854,458</u>

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

12. Parent undertaking and ultimate controlling party

Open Orphan PLC is the parent undertaking for which group accounts are drawn up. There is no ultimate controlling party.

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

13. Related Party Transactions

The company had the following transactions with fellow subsidiaries

	31 December 2020 £	31 December 2019 £
Owed by VLS Germany GmbH	66,232	53,866
Owed by VLS France	268,189	212,144
Owed by VLS EDS BV	419,066	285,623
Owed by VLS Netherlands BV	38,121	32,768
Owed by VLS Legal BV	-	283
Owed to Open Orphan Plc	(567,438)	(212,060)
Owed to VLS Ltd	(577,373)	(591,868)
Owed to VLS UK Ltd	-	(26,404)
Owed to hVIVO Services Limited	(36,022)	-
Owed to Open Orphan DAC	(825)	-

Venn Life Sciences (NI) Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2020

14. 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 2020

(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.

The preparation of financial statements in conformity with IFRS have been prepared on a basis other than going concern as disclosed in note 2.2.