

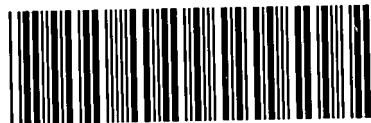
# Lamellar Biomedical Limited

Registered number: SC312123

## Directors' report and financial statements

For the year ended 30 June 2014

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# LAMELLAR BIOMEDICAL LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	D C M Moore (Chairman) A McLean S Taylor A C G Mackie J Carney G Clark
<b>Registered number</b>	SC312123
<b>Registered office</b>	c/o Barwell PLC 20 Renfield Street Sterling House Glasgow G2 5AP
<b>Independent auditors</b>	Mazars LLP Chartered Accountants & Statutory Auditor 90 St Vincent Street Glasgow G2 5UB
<b>Bankers</b>	Bank of Scotland 167-201 Argyle Street Glasgow G2 8BU  Clydesdale Bank Plc 19 Stuart Street East Kilbride G74 4NF
<b>Solicitors</b>	Brodies LLP 15 Atholl Crescent Edinburgh EH3 8HA
<b>Patent agents</b>	Murgitroyd & Co 165-169 Scotland Street Glasgow G2 8BU
<b>Website</b>	<a href="http://www.lamellar.com">www.lamellar.com</a>

# **LAMELLAR BIOMEDICAL LIMITED**

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# **LAMELLAR BIOMEDICAL LIMITED**

## **DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014**

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The directors present their report and the financial statements for the year ended 30 June 2014.

### **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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

### **Principal activities**

The principal activity is the research and development of synthetic lamellar bodies for medicinal and cosmetic applications.

### **Directors**

The directors who served during the year were:

D C M Moore (Chairman)  
A McLean  
S Taylor  
A C G Mackie  
J Carney  
G Clark

# LAMELLAR BIOMEDICAL LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 2014

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### Business Review

The Directors consider that the Company made further significant progress during the year, which puts the Company in a strong position to seek further funding from shareholders if that is required.

The Company continues to be closely focused on two medical device applications for its lead compound LMS-611, namely, Radiotherapy Induced Xerostomia (RIX) and Dry Eye Disease (DED). LMS-611 is also indicated for Cystic Fibrosis (CF).

Human clinical trials in RIX, DED and CF are expected to commence in Q1 2015. Each trial will be undertaken at a centre of excellence within the NHS Scotland network.

### Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 21 October 2014 and signed on its behalf.

  
A C G Mackie  
Director

# **LAMELLAR BIOMEDICAL LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAMELLAR BIOMEDICAL LIMITED**

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We have audited the financial statements of Lamellar Biomedical Limited for the year ended 30 June 2014 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' responsibilities statement set out on page 1, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. 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 Auditors' 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.

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

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

### **Opinion on the financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# LAMELLAR BIOMEDICAL LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF LAMELLAR BIOMEDICAL LIMITED

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

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

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



P B Jibson

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

90 St Vincent Street  
Glasgow  
G2 5UB

Date: 22 October 2014

# LAMELLAR BIOMEDICAL LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 2014

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	Note	2014 £	2013 £
Administrative expenses		(1,614,197)	(1,040,475)
Other operating income	2	168,853	3,790
		<hr/>	<hr/>
<b>Operating loss</b>	3	(1,445,344)	(1,036,685)
Interest receivable and similar income	5	38,527	2,630
Interest payable and similar charges	6	-	(22,123)
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		(1,406,817)	(1,056,178)
Tax on loss on ordinary activities	7	163,057	90,596
		<hr/>	<hr/>
<b>Loss for the financial year</b>		<u>(1,243,760)</u>	<u>(965,582)</u>

The notes on pages 7 to 12 form part of these financial statements.



**LAMELLAR BIOMEDICAL LIMITED**

Registered number: SC312123

**BALANCE SHEET  
AS AT 30 JUNE 2014**

	Note	£	2014 £	£	2013 £
<b>Fixed assets</b>					
Intangible assets	8		194,428		201,651
Tangible assets	9		51,408		14,188
Investments	10		16,600		-
			<u>262,436</u>		<u>215,839</u>
<b>Current assets</b>					
Debtors	11	261,527		145,741	
Cash at bank and in hand		1,388,497		2,603,692	
		<u>1,650,024</u>		<u>2,749,433</u>	
<b>Creditors:</b> amounts falling due within one year	12	(281,556)		(160,853)	
<b>Net current assets</b>			<u>1,368,468</u>		<u>2,588,580</u>
<b>Net assets</b>			<u>1,630,904</u>		<u>2,804,419</u>
<b>Capital and reserves</b>					
Called up share capital	13		1,816		1,796
Share premium account	14		6,784,992		6,714,767
Profit and loss account	14		(5,155,904)		(3,912,144)
<b>Shareholders' funds</b>			<u>1,630,904</u>		<u>2,804,419</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 October 2014.

  
A C G Mackie  
Director

The notes on pages 7 to 12 form part of these financial statements.

# **LAMELLAR BIOMEDICAL LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014**

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### **1. Accounting policies**

#### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

#### **1.2 Going concern**

These financial statements have been prepared on a going concern basis which assumes that the company is able to realise its assets and discharge its liabilities in the normal course of business.

#### **1.3 Cash flow**

The financial statements do not include a Cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective April 2008).

#### **1.4 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and loss account over its estimated economic life.

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost of intangible assets, less their estimated residual value, over their expected useful lives on the following basis:

Amortisation is provided at the following rates:

Patents	- 5% straight line
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#### **1.5 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	- 20% straight line
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#### **1.6 Investments**

Investments held as fixed assets are shown at cost less provision for impairment.

#### **1.7 Operating leases**

Rentals under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

#### **1.8 Research and development**

Expenditure incurred on research and development is written off in the year in which it is incurred.

# LAMELLAR BIOMEDICAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 2. Other operating income

	2014 £	2013 £
Other operating income	23,753	-
Grant income	145,100	3,790
	<u>168,853</u>	<u>3,790</u>

### 3. Operating loss

The operating loss is stated after charging:

	2014 £	2013 £
Amortisation - intangible fixed assets	15,402	13,969
Depreciation of tangible fixed assets:		
- owned by the company	10,769	4,262
Auditors' remuneration	3,800	3,600
Research and development expenditure written off	1,222,114	484,962
	<u>1,251,985</u>	<u>506,793</u>

### 4. Director's remuneration

	2014 £	2013 £
Aggregate emoluments	<u>154,777</u>	<u>147,024</u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of money purchase pension schemes.

S Taylor and A C G Mackie have been granted share options to purchase 301 and 226 A ordinary shares of 1p respectively at a price of £50.33 per share. The option period is from 16 May 2008 to 15 May 2018.

S Taylor and A C G Mackie have been granted share options to purchase 75 and 56 A ordinary shares of 1p respectively at a price of £60 per share. The option period is from 16 June 2010 to 15 June 2020.

S Taylor, A C G Mackie and A McLean have been granted share options to purchase 124, 93 and 1,252 A ordinary shares of 1p each respectively at a price of £60 per share. The option period is from 23 April 2013 to 22 April 2023. A McLean has been granted share options to purchase 3,228 A Ordinary 1p shares in the Company at a price of £35 per share. The option period is from 23 April 2013 to 22 April 2023.

### 5. Interest receivable

	2014 £	2013 £
Other interest receivable	<u>38,527</u>	<u>2,630</u>

# LAMELLAR BIOMEDICAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 6. Interest payable

	2014 £	2013 £
On other loans	-	22,123

### 7. Taxation

	2014 £	2013 £
<b>Analysis of tax charge in the year</b>		
UK corporation tax credit on loss for the year	(178,980)	(90,596)
Adjustments in respect of prior periods	15,923	-
<b>Tax on loss on ordinary activities</b>	<b>(163,057)</b>	<b>(90,596)</b>

### 8. Intangible fixed assets

	Patents £
<b>Cost</b>	
At 1 July 2013	279,370
Additions	8,179
At 30 June 2014	287,549
<b>Amortisation</b>	
At 1 July 2013	77,719
Charge for the year	15,402
At 30 June 2014	93,121
<b>Net book value</b>	
At 30 June 2014	194,428
At 30 June 2013	201,651

# LAMELLAR BIOMEDICAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 9. Tangible fixed assets

	Plant & machinery £
<b>Cost</b>	
At 1 July 2013	23,299
Additions	47,989
At 30 June 2014	71,288
<b>Depreciation</b>	
At 1 July 2013	9,111
Charge for the year	10,769
At 30 June 2014	19,880
<b>Net book value</b>	
At 30 June 2014	51,408
At 30 June 2013	14,188

### 10. Fixed asset investments

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 July 2013	-
Additions	16,600
At 30 June 2014	16,600
<b>Net book value</b>	
At 30 June 2014	16,600
At 30 June 2013	-

### 11. Debtors

	2014 £	2013 £
Trade debtors	-	3,789
Other debtors	261,527	141,952
	261,527	145,741

# LAMELLAR BIOMEDICAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 12. Creditors: Amounts falling due within one year

	2014 £	2013 £
Trade creditors	169,578	52,791
Amounts owed to associated parties	11,128	17,451
Other taxation and social security	12,481	8,615
Other creditors	88,369	81,996
	<u>281,556</u>	<u>160,853</u>

### 13. Share capital

	2014 £	2013 £
<b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares shares of £0.01 each	100	100
171,592 (2013 - 169,585) Ordinary 'A' shares shares of £0.01 each	1,716	1,696
	<u>1,816</u>	<u>1,796</u>

During the year the company company issued 2,007 £0.01 'A' ordinary shares for a consideration of £35 per share, an aggregate of £70,245. Included within the overall consideration received was £70,225 of share premium.

The company has 10,022 issued warrants in respect of 'A' ordinary shares of 1p each at a price of £35 per share. The warrant period for 8,330 of these is from 6 December 2012 to 30 June 2015. The warrant period for the remaining 1,629 warrants is from 6 December 2012 to 30 June 2016.

# LAMELLAR BIOMEDICAL LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

### 14. Reserves

	Share premium account £	Profit and loss account £
At 1 July 2013	6,714,767	(3,912,144)
Loss for the financial year		(1,243,760)
Premium on shares issued during the year	70,225	
At 30 June 2014	<u>6,784,992</u>	<u>(5,155,904)</u>

### 15. Operating lease commitments

	2014 £	2013 £
<b>Expiry date:</b>		
Within 1 year	<u>21,120</u>	<u>5,280</u>

### 16. Related party transactions

Barwell Consulting Ltd, a company in which A C G Mackie is a director received £36,213 (2013: £50,793) in respect of accountancy and directors fees.

Binnie Medforth, a company of which S Taylor is a director, received £6,803 (2013: £20,724) in respect of director fees for S Taylor during the year.

Marlin Bioconsulting Ltd, a company of which G Clark is a director, received £12,908 (2013: £11,053) in respect of director fees for G Clark during the year.

The balance due to Barwell Consulting at the year end was £6,212 (2013: £5,953)

The balance due to Binnie Medforth at the year end was £1,505 (2013: £5,764)

The balance due to Marlin Bioconsulting Ltd at the year end was £3,411 (2013: £5,734)