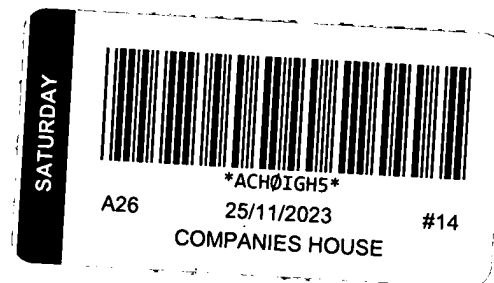


Company Registration No. SC373464 (Scotland)

Nexabiome Limited

**Annual report and financial statements
for the year ended 31 March 2023**



Nexabiome Limited

Company information

Directors	Simon Hunt (Executive Chairman) Neil Clelland (Appointed 30 April 2023) Jason Clark Alexander Mackie Albert Nicholl
Secretary	MBM Secretarial Services Limited
Company number	SC373464
Registered office	West of Scotland Science Park Block 2 - Kelvin Campus 2317 Maryhill Road Glasgow G20 0SP
Independent auditor	Saffery LLP Edinburgh Quay 133 Fountainbridge Edinburgh EH3 9BA
Bankers	HSBC Bank plc 2 Buchanan Street Glasgow G1 3LB
Patent attorney	Schlich LLP 9 St Catherines Road Littlehampton BN17 5HS
Solicitors	MBM Commercial LLP Orchard Brae House Suite 2, Ground Floor Edinburgh EH4 2HS
Website	www.fixed-phage.com

Contents

	Page
Directors' report	1 - 3
Independent auditor's report	4 - 7
Income statement	8
Statement of financial position	9 - 10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13 - 38

Nexabiome Limited

Directors' report

For the year ended 31 March 2023

The directors present their annual report and financial statements for the year ended 31 March 2023.

Principal activities

The principal activity of the company continued to be that of the development and commercialisation of intellectual property relating to the immobilisation of bacteriophage.

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Simon Hunt (Executive Chairman)

Neil Clelland (Appointed 30 April 2023)

Jason Clark

Alexander Mackie

Albert Nicholl

David Browning (Resigned 30 April 2023)

John Carney (Resigned 21 September 2022)

Trevor Langley (Resigned 28 November 2022)

Michael Matthey (Resigned 28 November 2022)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to follow the CBI's Prompt Payers Code (copies are available from the CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU).

The company's current policy concerning the payment of trade creditors is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Financial instruments

The company manages its cash and borrowing requirements in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business.

Auditor

The auditor, Saffery LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Directors' report (continued)

For the year ended 31 March 2023

Statement of directors' responsibilities

The directors are responsible for preparing the annual 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 Financial Reporting Standards (IFRSs) as adopted by the United Kingdom.

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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

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.

Statement of disclosure to auditor

Each director in office at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Post balance sheet event

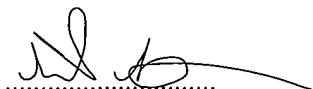
On 18 August 2023 the company changed its name from Fixed Phage Limited to Nexabiome Limited.

Nexabiome Limited

Directors' report (continued)

For the year ended 31 March 2023

On behalf of the board

A handwritten signature in black ink, appearing to be 'Neil Clelland', written over a dotted line.

Neil Clelland
Director

Date: 02/10/2023

**Independent auditor's report
To the members of Nexabiome Limited**

Opinion

We have audited the financial statements of Nexabiome Limited (the 'company'), formerly known as Fixed Phage Limited, for the year ended 31 March 2023 which comprise the income statement, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with IAS in conformity with the requirements of the Companies Act 2006; and
- have been 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.

Material uncertainty related to going concern

We draw attention to Note 1.2 in the financial statements, which indicates that the going concern basis of the company is dependent on the amount and timing of projected revenues, and the receipt of additional funding. The events and conditions detailed in Note 1.2 indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report (continued)
To the members of Nexabiome Limited

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.

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.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 take advantage of the small companies exemption from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page , 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 misstatement, 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.

Independent auditor's report (continued)
To the members of Nexabiome Limited

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. Misstatements 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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud are detailed below.

Identifying and assessing risks related to irregularities:

We assessed the susceptibility of the company's financial statements to material misstatement and how fraud might occur, including through discussions with the directors, discussions within our audit team planning meeting, updating our record of internal controls and ensuring these controls operated as intended. We evaluated possible incentives and opportunities for fraudulent manipulation of the financial statements. We identified laws and regulations that are of significance in the context of the company by discussions with directors and by updating our understanding of the sector in which the company operates.

Laws and regulations of direct significance in the context of the company include The Companies Act 2006 and UK Tax legislation.

Audit response to risks identified

We considered the extent of compliance with these laws and regulations as part of our audit procedures on the related financial statement items including a review of financial statement disclosures. We reviewed the company's records of breaches of laws and regulations, minutes of meetings and correspondence with relevant authorities to identify potential material misstatements arising. We discussed the company's policies and procedures for compliance with laws and regulations with members of management responsible for compliance.

During the planning meeting with the audit team, the engagement partner drew attention to the key areas which might involve non-compliance with laws and regulations or fraud. We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or knowledge of any actual, suspected or alleged fraud. We addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and identifying any significant transactions that were unusual or outside the normal course of business. We assessed whether judgements made in making accounting estimates gave rise to a possible indication of management bias. At the completion stage of the audit, the engagement partner's review included ensuring that the team had approached their work with appropriate professional scepticism and thus the capacity to identify non-compliance with laws and regulations and fraud.

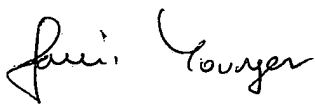
Independent auditor's report (continued)
To the members of Nexabiome Limited

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://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.



Jamie Younger BSc CA (Senior Statutory Auditor)
For and on behalf of Saffery LLP

Date: **13 October 2023**

Chartered Accountants
Statutory Auditors

Edinburgh Quay
133 Fountainbridge
Edinburgh
EH3 9BA

Nexabiome Limited

Income statement

For the year ended 31 March 2023

		2023	2022
	Notes	£	£
Revenue	3	734,630	554,328
Cost of sales		(128,757)	(197,202)
Gross profit		605,873	357,126
Other operating income		82,463	55,455
Administrative expenses		(1,192,093)	(960,681)
Operating loss	6	(503,757)	(548,100)
Investment revenues	9	172	24
Finance costs	10	(17,444)	(61,663)
Loss before taxation		(521,029)	(609,739)
Income tax	11	139,584	152,233
Loss and total comprehensive income for the year		(381,445)	(457,506)

Nexabiome Limited

Statement of financial position
As at 31 March 2023

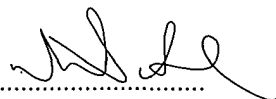
		2023	2022
	Notes	£	£
ASSETS			
Non-current assets			
Intangible assets	13	2,872,430	2,187,752
Property, plant and equipment	14	382,430	447,371
		<u>3,254,860</u>	<u>2,635,123</u>
Current assets			
Inventories	15	38,495	22,984
Trade and other receivables	16	103,228	163,792
Current tax recoverable		184,553	191,773
Cash and cash equivalents		364,989	791,543
		<u>691,265</u>	<u>1,170,092</u>
Total assets		<u><u>3,946,125</u></u>	<u><u>3,805,215</u></u>
EQUITY			
Called up share capital	22	202,796	202,298
Share premium account	24	7,808,872	7,085,534
Other reserves		546,857	506,858
Retained earnings		(5,024,648)	(4,643,203)
Total equity		<u>3,533,877</u>	<u>3,151,487</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities	19	230,418	264,507
Current liabilities			
Trade and other payables	18	128,074	165,413
Lease liabilities	19	34,089	107,980
Deferred revenue	21	19,667	115,828
		<u>181,830</u>	<u>389,221</u>
Total liabilities		<u>412,248</u>	<u>653,728</u>
Total equity and liabilities		<u><u>3,946,125</u></u>	<u><u>3,805,215</u></u>

Nexabiome Limited

Statement of financial position (continued)

As at 31 March 2023

The financial statements were approved by the board of directors and authorised for issue on 02/10/2023 and are signed on its behalf by:



Neil Clelland

Director

Company Registration No. SC373464

Nexabiome Limited

Statement of changes in equity
For the year ended 31 March 2023

	Notes	Share capital £	Share premium account £	Other reserves £	Retained earnings £	Total £
Balance at 1 April 2021		201,806	6,404,025	520,718	(4,185,697)	2,940,852
Year ended 31 March 2022:						
Loss and total comprehensive income for the year		-	-	-	(457,506)	(457,506)
Issue of share capital	22	492	681,509	-	-	682,001
Other movements	22	-	-	(13,860)	-	(13,860)
Balance at 31 March 2022		202,298	7,085,534	506,858	(4,643,203)	3,151,487
Year ended 31 March 2023:						
Loss and total comprehensive income for the year		-	-	-	(381,445)	(381,445)
Issue of share capital	22	498	723,338	-	-	723,836
Other movements	22	-	-	39,999	-	39,999
Balance at 31 March 2023		202,796	7,808,872	546,857	(5,024,648)	3,533,877

Nexabiome Limited

Statement of cash flows

For the year ended 31 March 2023

	Notes	£	2023 £	£	2022 £
Cash flows from operating activities					
Cash absorbed by operations	30		(365,310)		(326,975)
Interest paid			(17,444)		(61,663)
Income taxes refunded			146,804		105,379
Net cash outflow from operating activities			(235,950)		(283,259)
Investing activities					
Purchase of intangible assets		(726,135)		(640,546)	
Purchase of property, plant and equipment		(80,497)		(480,593)	
Proceeds from disposal of property, plant and equipment		-		7,922	
Interest received		172		24	
Net cash used in investing activities			(806,460)		(1,113,193)
Financing activities					
Proceeds from issue of shares		723,836		682,001	
Payment of lease liabilities		(107,980)		261,668	
Net cash generated from financing activities			615,856		943,669
Net decrease in cash and cash equivalents			(426,554)		(452,783)
Cash and cash equivalents at beginning of year			791,543		1,244,326
Cash and cash equivalents at end of year			<u>364,989</u>		<u>791,543</u>

1 Accounting policies

Company information

Nexabiome Limited is a private company limited by shares incorporated in Scotland. The registered office is West of Scotland Science Park, Block 2 - Kelvin Campus, 2317 Maryhill Road, Glasgow, G20 0SP.

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the United Kingdom and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, except as otherwise stated.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the reporting date, the company had a cash balance of £364,989. At the date of approval, the company had a cash balance of £284,732. On 9th December 2022 and 30th June 2023, the company completed two tranches in equity capital investment raising a total of £1,499,990, which represents further funding in the company's development and expansion.

As is usual for Biotechnology companies, the company requires additional capital, for example, to finance research and development programmes and asset development, additional manufacturing capacity, business development and technology scale-up activities. The company is currently planning to raise and seeking £10m in Series A investment through existing and new investors. Although the company so far has been able to raise additional capital as required, it may not be able to do so. In the event of the company being unable to raise such additional capital as required, the company may be required to reduce or end operations.

As is also usual in the Biotechnology sector, the company is not always able to precisely forecast the amounts and timings of anticipated revenues associated with planned future partnerships and projects. Hence, some material uncertainty exists concerning projected revenues. The directors acknowledge that these conditions represent material uncertainties which cast significant doubt on the company's ability to continue as a going concern.

The directors are of the opinion that the company will generate growing revenues from current and future partnerships and licences currently in negotiation or underway, alongside current licence agreement negotiations. Prior to approval of these financial statements, certain key revenue generating contracts have been signed, with further revenue generating development and partnership contracts in negotiation. The directors are also confident that the company is well-positioned to raise additional equity capital from existing and new investors.

Notes to the financial statements (continued)
For the year ended 31 March 2023

1 Accounting policies (continued)

Subsequent to the year end, the directors have received firm assurances from certain shareholders to provide additional funding if required which will support the continuing operations and growth of the company. Consequently, the directors believe that the company can meet its liabilities and discharge its obligations for a period of at least 12 months from the date of signing the financial statements. Accordingly, the directors have continued to adopt the going concern basis in preparing the financial statements.

1.3 Revenue

The recognition of income received and receivable, such as licence fees, upfront payments and milestones, is dependent on the terms of the related arrangement, having regard to the ongoing risks and rewards of the arrangement, and the existence of any performance or repayment obligations, if any, with the third party. These payments are recognised as revenue in the period in which they are earned. Amounts received and receivable are recognised immediately as revenue where there are no substantial remaining risks, no ongoing performance obligations and amounts received are not refundable. Amounts are deferred over an appropriate period where these conditions are not met.

1.4 Intangible assets other than goodwill

Intangible assets represent non-physical assets held by the company, which lack a physical presence but possess significant economic value. These assets are distinguishable from tangible assets, such as machinery or real estate, by their non-physical nature.

Recognition, classification and measurement

Intangible assets acquired separately from a business are recognised at cost and subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired in business combinations are recognised at the acquisition date if the following criteria are met:

- It is probable that the expected future economic benefits attributable to the asset will flow to the entity
- The fair value of the asset can be reliably measured
- The intangible asset arises from the contractual or other legal rights
- The intangible asset is separable from the entity

Amortisation

Amortisation is recognised to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

- The development costs can be measured reliably
- The project is technically and commercially feasible
- The company has sufficient resources to complete the project
- The company has the ability to. Use or sell the product
- The material. Development will generate probable future economic benefits

1 Accounting policies (continued)

Patents

Representing exclusive rights granted by the government for a specified period to protect inventions, innovations, or discoveries

Recognition and Amortisation

Patents are stated at cost less accumulated amortisation and any accumulated impairment losses. Patents will be amortised on a straight-line basis over their estimated useful lives from the point where the products of the technology have started to achieve sales.

1.5 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Plant & machinery	over 3 years
Fixtures and fittings	over 5 years
Office equipment	over 4 years
Right of Use asset	over the life of the lease
Refurbishment	over 5 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.6 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Notes to the financial statements (continued)
For the year ended 31 March 2023

1 Accounting policies (continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Inventories held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

Net realisable value is the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

1.8 Trade and other receivables

Trade and other receivables are stated at amortised cost less appropriate allowances for estimated irrecoverable amounts. Such allowances are based on an individual assessment of each receivable. The company assesses, on a forward-looking basis the expected credit losses associated with classes of similar trade receivables, and provides for impairment accordingly.

1.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1 Accounting policies (continued)

1.10 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

Financial assets at fair value through profit or loss

When any of the above-mentioned conditions for classification of financial assets is not met, a financial asset is classified as measured at fair value through profit or loss. Financial assets measured at fair value through profit or loss are recognized initially at fair value and any transaction costs are recognised in profit or loss when incurred. A gain or loss on a financial asset measured at fair value through profit or loss is recognised in profit or loss, and is included within finance income or finance costs in the statement of income for the reporting period in which it arises.

Financial assets held at amortised cost

Financial instruments are classified as financial assets measured at amortised cost where the objective is to hold these assets in order to collect contractual cash flows, and the contractual cash flows are solely payments of principal and interest. They arise principally from the provision of goods and services to customers (e.g. trade receivables). They are initially recognised at fair value plus transaction costs directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment where necessary.

Impairment of financial assets

Financial assets carried at amortised cost and Fair Value through Other Comprehensive Income (FVOCI) are assessed for indicators of impairment at each reporting end date.

The expected credit losses associated with these assets are estimated on a forward-looking basis. A broad range of information is considered when assessing credit risk and measuring expected credit losses, including past events, current conditions, and reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

For trade receivables, the simplified approach permitted by IFRS 9 is applied, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Notes to the financial statements (continued)
For the year ended 31 March 2023

1 Accounting policies (continued)

1.11 Financial liabilities

The company recognises financial debt when the company becomes a party to the contractual provisions of the instruments. Financial liabilities are classified as either 'financial liabilities at fair value through profit or loss' or 'other financial liabilities'.

Financial liabilities at fair value through profit or loss

Financial liabilities are classified as measured at fair value through profit or loss when the financial liability is held for trading. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of selling or repurchasing it in the near term, or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit taking, or
- it is a derivative that is not a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value with any gains or losses arising on remeasurement recognised in profit or loss.

Other financial liabilities

Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.12 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.13 Taxation

The tax expense represents the sum of the tax currently payable or repayable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

1 Accounting policies (continued)

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to 'other comprehensive income', in which case the deferred tax is also dealt with in 'other comprehensive income'. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.14 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

A termination benefit liability is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

1.15 Retirement benefits

The Company provides post-employment benefits through a defined contribution plan. The assets of the scheme are held separately from those of the Company. The Company has no defined benefit plans.

Notes to the financial statements (continued)
For the year ended 31 March 2023

1 Accounting policies (continued)

1.16 Share-based payments

Share-based payment transactions are recognised in the financial statements using a fair value measurement basis. An expense is recognised when the goods or services received are consumed.

Share options granted under the Company's employee share option plan carry no rights to dividends and no voting rights.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

1.17 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs and an estimate of the cost of obligations to dismantle, remove, refurbish or restore the underlying asset and the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of other property, plant and equipment. The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

1 Accounting policies (continued)

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1.18 Grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the Statement of Comprehensive income on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the Statement of Financial Position and transferred to the Statement of Comprehensive Income on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period which they become receivable.

1.19 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

Notes to the financial statements (continued)
For the year ended 31 March 2023

1 Accounting policies (continued)

1.20 New IFRSs standards and interpretations

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

1.21 Research and development tax credits

The company undertakes research and development activities in the UK which potentially attract a tax credit. Where such activities give rise to a tax credit, amounts receivable are recorded in the Statement of Financial Position as a tax asset and the associated credit is recorded within administrative expenses. The research and development tax credit is recognised in the financial statements in the same year in which the research and development expenditure occurred. The treatment is in line with the recognition of government grants to which the UK research and development tax credits scheme approximates.

1.22 Research and development costs

Research expenditure is written off in the income statement in the year in which it is incurred. Identifiable development expenditure is capitalised to the extent that the technical, commercial and financial feasibility can be demonstrated and meet the accounting requirements of an intangible fixed asset as determined by IFRS.

2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements

Impairment of internally-generated intangible assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

A non financial asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Notes to the financial statements (continued)
For the year ended 31 March 2023

3 Revenue

	2023	2022
	£	£
Revenue analysed by class of business		
Contractual revenues from exploitation of intellectual property	734,630	554,328
	<u>734,630</u>	<u>554,328</u>
	2023	2022
	£	£
Other significant revenue		
Interest income	172	24
Grants received	37,494	8,415
	<u>37,666</u>	<u>8,439</u>
	2023	2022
	£	£
Revenue analysed by geographical market		
United Kingdom	724,645	544,828
Europe	9,985	9,500
	<u>734,630</u>	<u>554,328</u>

Notes to the financial statements (continued)
For the year ended 31 March 2023

4 Segmental reporting

The company has one operating segment, the development of intellectual property relating to the immobilisation of bacteriophage. All expenditure, assets and liabilities relate to this activity. The company is in development phase and has not commenced production.

The Company's revenues from external customers and its non-current assets (other than financial instruments) are divided into the following geographical areas:

	2023		2022	
	£	£	£	£
	Revenue	Non-current assets	Revenue	Non-current assets
United Kingdom	724,645	2,067,717	544,828	2,067,717
Europe	9,985	-	9,500	-
Middle East	-	-	-	-
	<u>734,630</u>	<u>2,067,717</u>	<u>554,328</u>	<u>2,067,717</u>

Revenues from external customers in the United Kingdom, Middle East and Europe have been identified on the basis of the customer's geographical location. Non-current assets are allocated based on their physical location.

During 2023, £704,214 or 92% (2022: £374,828 or 69%) of the Company's revenues depended on a single customer.

5 Other operating income

	2023	2022
	£	£
Government grants	4,925	8,415
Other operating income	-	7,500
	<u>4,925</u>	<u>15,915</u>

Notes to the financial statements (continued)
For the year ended 31 March 2023

6 Operating loss

	2023	2022
	£	£
Operating loss for the year is stated after charging:		
Exchange losses	29	5,550
Research and development costs	621,772	552,768
Government grants	(37,494)	(8,415)
Fees payable to the company's auditor for the audit of the company's financial statements	13,250	10,000
Depreciation of property, plant and equipment	145,438	133,719
(Profit)/loss on disposal of property, plant and equipment	-	16,268
Cost of inventories recognised as an expense	128,757	197,202
Share-based payments	39,999	(13,860)
	<u> </u>	<u> </u>

7 Employees

The average monthly number of persons (including Directors) employed by the company during the year was:

	2023	2022
	Number	Number
Admin	3	4
Lab staff	12	5
Directors	6	7
	<u> </u>	<u> </u>
Total	21	16
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2023	2022
	£	£
Wages and salaries	863,389	776,037
Social security costs	100,100	76,494
Pension costs	39,862	34,304
Share based payments	39,999	(13,860)
	<u> </u>	<u> </u>
	1,043,350	872,975
	<u> </u>	<u> </u>

Notes to the financial statements (continued)
For the year ended 31 March 2023

8 Directors' remuneration

	2023	2022
	£	£
Short-term employee benefits	378,097	450,654
Share-based payments	15,920	18,000
	<u>394,017</u>	<u>468,654</u>

No directors exercised share options in the year or the prior year. The number that received share options under long terms incentive plans during the year was 1 (2022: 3). The number of directors whose share options lapsed during the year was nil (2022: nil).

The number of directors who accrued benefits under money purchase pension schemes amounted to 2 (2022: 2).

The emoluments of the highest paid director, excluding pension contributions was £175,931 (2022: £175,000). The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £8,750 (2022: £8,750).

9 Investment income

	2023	2022
	£	£
Interest income		
Financial instruments measured at amortised cost:		
Bank deposits	172	24
	<u>172</u>	<u>24</u>

Income above relates to assets held at amortised cost, unless stated otherwise.

10 Finance costs

	2023	2022
	£	£
Interest on lease liabilities	16,096	61,138
Other interest payable	1,348	525
	<u>17,444</u>	<u>61,663</u>
Total interest expense	<u>17,444</u>	<u>61,663</u>

Notes to the financial statements (continued)
For the year ended 31 March 2023

11 Income tax expense

	2023	2022
	£	£
Current tax		
UK corporation tax on profits for the current period	(139,584)	(152,233)

The charge for the year can be reconciled to the loss per the income statement as follows:

	2023	2022
	£	£
Loss before taxation	(521,029)	(609,739)
Expected tax credit based on a corporation tax rate of 19.00% (2022: 19.00%)	(98,996)	(115,850)
Research and development tax credit	(44,969)	(39,540)
Other temporary differences	4,381	3,157
Taxation credit for the year	(139,584)	(152,233)

12 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	2023	2022
	£	£
In respect of:		
Intangible assets	41,457	56,376
Recognised in:		
Administrative expenses	41,457	56,376

Notes to the financial statements (continued)
For the year ended 31 March 2023

13 Intangible assets

	Patents & licences £	Development costs £	Total £
Cost			
At 1 April 2021	476,556	1,320,251	1,796,807
Additions	87,778	552,768	640,546
At 31 March 2022	564,334	1,873,019	2,437,353
Additions	104,363	621,772	726,135
At 31 March 2023	668,697	2,494,791	3,163,488
Amortisation and impairment			
At 1 April 2021	20,837	172,388	193,225
Impairment loss	-	56,376	56,376
At 31 March 2022	20,837	228,764	249,601
Impairment loss	-	41,457	41,457
At 31 March 2023	20,837	270,221	291,058
Carrying amount			
At 31 March 2023	647,860	2,224,570	2,872,430
At 31 March 2022	543,497	1,644,255	2,187,752
At 31 March 2021	455,719	1,147,863	1,603,582

Notes to the financial statements (continued)
For the year ended 31 March 2023

14 Property, plant and equipment

	Plant & Fixtures and machinery	fittings	Office Right of Use equipment	Refurbishm ent	Total
	£	£	£	£	£
Cost					
At 1 April 2021	169,343	2,618	15,331	214,937	402,229
Additions	34,759	8,930	4,374	362,580	480,593
Disposals	(170,009)	(2,618)	(4,028)	(141,167)	(317,822)
At 31 March 2022	34,093	8,930	15,677	436,350	565,000
Additions	39,026	28,157	7,636	-	80,497
At 31 March 2023	73,119	37,087	23,313	436,350	645,497
Accumulated depreciation and impairment					
At 1 April 2021	166,883	1,613	9,940	99,106	277,542
Charge for the year	36,638	1,907	4,249	85,907	133,719
Eliminated on disposal	(199,554)	(2,445)	(8,021)	(83,612)	(293,632)
At 31 March 2022	3,967	1,075	6,168	101,401	117,629
Charge for the year	13,297	3,164	4,400	110,587	145,438
At 31 March 2023	17,264	4,239	10,568	211,988	263,067
Carrying amount					
At 31 March 2023	55,855	32,848	12,745	224,362	382,430
At 31 March 2022	30,126	7,855	9,509	334,949	447,371
At 31 March 2021	2,460	1,005	5,391	115,831	124,687

15 Inventories

	2023 £	2022 £
Raw materials	38,495	22,984

Notes to the financial statements (continued)
For the year ended 31 March 2023

16 Trade and other receivables

	2023	2022
	£	£
Trade receivables	10,000	60,000
Other receivables	52,212	71,426
Prepayments	41,016	32,366
	<u>103,228</u>	<u>163,792</u>

17 Trade receivables - credit risk

Fair value of trade receivables

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

No significant receivable balances are impaired at the reporting end date.

18 Trade and other payables

	2023	2022
	£	£
Trade payables	13,606	20,782
Accruals	77,578	66,840
Social security and other taxation	3,657	44,531
Other payables	33,233	33,260
	<u>128,074</u>	<u>165,413</u>

19 Lease liabilities

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2023	2022
	£	£
Current liabilities	34,089	107,980
Non-current liabilities	230,418	264,507
	<u>264,507</u>	<u>372,487</u>

Notes to the financial statements (continued)
For the year ended 31 March 2023

19 Lease liabilities (continued)

	2023	2022
	£	£
Amounts recognised in profit or loss include the following:		
Interest on lease liabilities	16,096	61,138
	<u>16,096</u>	<u>61,138</u>

20 Retirement benefit schemes

	2023	2022
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	39,862	34,304
	<u>39,862</u>	<u>34,304</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

21 Deferred revenue

	2023	2022
	£	£
Arising from revenue contracts	19,667	115,828
	<u>19,667</u>	<u>115,828</u>

Analysis of deferred revenue

Deferred revenues are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2023	2022
	£	£
Current liabilities	19,667	115,828
	<u>19,667</u>	<u>115,828</u>

Notes to the financial statements (continued)
For the year ended 31 March 2023

22 Share capital

	2023	2022	2023	2022
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary of 1p each	106,539	106,539	1,065	1,065
A Ordinary of 1p each	693,693	643,929	6,938	6,440
Deferred of 1p each	19,479,300	19,479,300	194,793	194,793
	<u>20,279,532</u>	<u>20,229,768</u>	<u>202,796</u>	<u>202,298</u>

Share capital represents the nominal value of ordinary shares issued and fully paid.

Holders of A Ordinary and Ordinary shares are entitled to one vote per share at meetings of the Company. They have a right to receive dividends as declared from time to time. Holders of Deferred shares are not entitled to vote or participate in dividends.

In the event of cessation of the Company's activities, holders of the Ordinary and A Ordinary shares rank first and are entitled to receive £0.01 an amount equal to their subscription price. Holders of Deferred shares rank second and are entitled to receive an aggregate of £0.01 for all deferred shares held by them. Thereafter assets shall be distributed amongst the holders of Ordinary and A Ordinary shares (pari passu) in proportion to the aggregate nominal amount of such shares held by them.

On 09 December 2022 49,764 A ordinary shares were issued at £15.25 per share.

Notes to the financial statements (continued)
For the year ended 31 March 2023

23 Share-based payments

The Company has a share option scheme for employees and consultants, which comprises Part A, a share option scheme approved by HMRC (the Approved Scheme) and Part B, an unapproved share option scheme (the Unapproved Scheme). All options are exercisable only upon an exit event.

The following share-based payment arrangements were in existence during the year ended 31 March 2023.

	Grant date	Number	Expiry date	Exercise price £	Fair value (per share) £
Employment options granted under Part A					
	26/03/2014	2,700	25/03/2024	2.00	3.24
	24/02/2016	2,700	23/02/2026	5.00	1.16
	03/08/2016	8,734	02/08/2026	14.55	4.22
	14/12/2016	9,466	13/12/2026	14.55	4.22
	05/12/2017	2,982	04/12/2027	14.55	4.27
	15/07/2019	17,182	14/07/2029	14.55	3.29
	02/02/2021	625	01/02/2031	15.25	3.41
	31/01/2022	2,150	30/01/2032	15.25	3.60
	01/04/2022	2,050	30/03/2032	15.25	3.98
	17/05/2022	3,000	16/05/2032	15.25	3.98
	31/08/2022	1,000	30/08/2032	15.25	3.98
Options granted under Part B					
	24/02/2016	14,400	23/02/2026	5.00	1.16
	14/12/2016	4,872	13/12/2026	14.55	4.22
	10/10/2017	4,500	09/10/2027	14.55	4.27
	05/12/2017	2,818	04/12/2027	14.55	4.27
	15/07/2019	13,818	14/07/2029	14.55	3.29
	02/02/2021	1,500	01/02/2031	15.25	3.41
	05/08/2021	1,000	04/08/2031	15.25	3.60
	06/09/2021	1,000	05/09/2031	15.25	3.60
	01/01/2022	2,000	31/12/2031	15.25	3.60
	10/01/2022	2,000	09/01/2032	15.25	3.60
	31/03/2022	1,000	30/03/2032	15.25	3.60
	17/05/2022	4,000	16/05/2022	15.25	3.98

All options vested on their date of grant. If an employee or consultant ceased to be associated with the Company, their options lapsed. If an exit event does not occur before the expiry date, the options lapse.

Notes to the financial statements (continued)
For the year ended 31 March 2023

23 Share-based payments (continued)

Movements in share options during the year

Employment options granted under Part A	Number of share options		Weighted average exercise price	
	2023	2022	2023 £	2022 £
Outstanding at 1 April 2022	46,539	55,389	13.61	13.61
Granted in the period	6,050	2,150	15.25	15.25
Lapsed during period	-	(11,000)	15.21	15.21
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at end of period	<u>52,589</u>	<u>46,539</u>	<u>13.81</u>	<u>13.61</u>

Options granted under Part B	Number of share options		Weighted average exercise price	
	2023	2022	2023 £	2022 £
Outstanding at 1 April 2022	48,908	43,908	11.44	11.44
Granted in the period	4,000	7,000	15.25	15.25
Lapsed during period	-	(2,000)	-	14.55
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at end of period	<u>52,908</u>	<u>48,908</u>	<u>12.67</u>	<u>11.44</u>

Share options exercised during the year

There were no share options exercised during the year-ended 31 March 2023, nor in the prior year.

Notes to the financial statements (continued)
For the year ended 31 March 2023

23 Share-based payments (continued)

Share options outstanding at the end of the period

The share options outstanding at the end of the period had a weighted average exercise price and a weighted average remaining contractual life as shown below:

	Year ended 31 March 2023	Year ended 31 March 2022
Weighted average exercise price (£)	12.82	12.57
Weighted average remaining contractual life (years)	4.80	6.00

The charge to the Statement of Comprehensive Income of £39,999 (2022: -£13,860) represents the net allocation of cost for the share options granted and lapsed during the year, based on the Directors' estimate of the number of share options expected to be exercised in due course.

The fair value of Employment Options is estimated at the date of grant using a Black-Scholes option pricing model. The following assumptions have been used in calculating the fair value of share options.

	2023	2022	2021	2020
Valuation method	Black-Scholes	Black-Scholes	Black-Scholes	Black-Scholes
Risk free interest rate	5.27%	1.67%	0.14%	0.43%
Expected life (average years)	2	2	2	2
Expected volatility	40%	40%	40%	40%
Dividend yield	0%	0%	0%	0%

The risk-free interest rate is based on the government gilt rate that is commensurate with the average expected life of the option. The expected life of the options is the expected average point at which an option becomes exercisable. The expected volatility is based on historical volatility of the share price of the Company and of quoted comparable companies over the most recent period at the date of the grant that is commensurate with the average expected life of the option. The weighted average share price used in each calculation was equal to the option exercise price.

Notes to the financial statements (continued)
For the year ended 31 March 2023

24 Share premium account

	2023	2022
	£	£
At the beginning of the year	7,085,534	6,404,025
Issue of new shares	723,338	681,509
	<u>7,808,872</u>	<u>7,085,534</u>
At the end of the year	<u>7,808,872</u>	<u>7,085,534</u>

Share premium is the excess amount received by the Company over the par value of shares issued.

25 Capital risk management

No capital commitments were identified at the reporting date.

26 Financial risk management

Credit risk management practices

Credit risk is managed on a company basis. The Directors do not believe that the company is exposed to significant concentrations of credit risk.

Liquidity risk

The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities as they fall due and can generate sufficient cash flows to meet covenant targets, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

Interest rate

The company does not have significant interest-bearing assets and therefore the company's income and operating cash flows are substantially independent of changes in market interest rates.

Notes to the financial statements (continued)
For the year ended 31 March 2023

27 Related party transactions

Remuneration of key management personnel

The directors consider that the key management personnel are the directors, whose remuneration is detailed in note 7.

Other transactions with related parties

During the year the company paid £12,000 (2022: £12,000) for Research and Development services to Mauchline Science Consultants, a company under the control of Dr M Matthey. Matthey resigned as director on 28 November 2022.

During the year the company paid £28,675 (2022: £49,857) for recharged fees to Barwell plc, a company with Mr Alec Mackie as a common director.

During the year the company paid £6,800 (2022: £16,900) for strategic consultancy to Farnham Associates, a partnership in which Mr John Carney has a material interest. Carney resigned as director on 21 September 2022.

During the year the company paid £nil (2022: £13,950) for management support services to Chimaera Bio, a company in which Mr James Reid has a material interest. Reid resigned as director on 31 December 2021.

During the year the company paid £12,573 (2022: £13,475) for management support services to Biomedical Business Partners, a company in which Dr Trevor Langley has a material interest. Langley resigned as director on 28 November 2022.

During the year the company paid £25,396 (2022: £7,396) for Mr. Simon Hunt non-executive director fees to Chalke Capital, a company in which Mr Simon Hunt has a material interest.

During the year the company paid £19,250 (2022: £6,250) for Mr. Albert Nicholl non-executive director fees.

28 Controlling party

There is no single controlling undertaking or party.

29 Post balance sheet events

On 18 August 2023 the company changed its name from Fixed Phage Limited to Nexabiome Limited.

Notes to the financial statements (continued)
For the year ended 31 March 2023

30 Cash absorbed by operations

	2023	2022
	£	£
Loss for the year after tax	(381,445)	(457,506)
Adjustments for:		
Taxation credited	(139,584)	(152,233)
Finance costs	17,444	61,663
Investment income	(172)	(24)
(Gain)/loss on disposal of property, plant and equipment	-	16,268
Amortisation and impairment of intangible assets	41,457	56,376
Depreciation and impairment of property, plant and equipment	145,438	133,719
Equity settled share based payment expense	39,999	(13,860)
Movements in working capital:		
Increase in inventories	(15,511)	(22,984)
Decrease/(increase) in trade and other receivables	60,564	(123,269)
(Decrease)/increase in trade and other payables	(37,339)	59,047
(Decrease)/increase in deferred revenue outstanding	(96,161)	115,828
Cash absorbed by operations	(365,310)	(326,975)

Nexabiome Limited

Detailed trading and profit and loss account
For the year ended 31 March 2023

		2023		2022
	£	£	£	£
Revenue				
Sales of services		734,630		554,328
Cost of sales				
Direct costs	128,757		197,202	
		(128,757)		(197,202)
Gross profit	82.47%	605,873	64.43%	357,126
Other operating income				
Government grants receivable and released	37,494		8,415	
Fees receivable as other operating income	-		7,500	
Research and development expenditure credit	44,969		39,540	
		82,463		55,455
Administrative expenses		(1,192,093)		(960,681)
Operating loss		(503,757)		(548,100)
Investment revenues				
Bank interest received	172		24	
		172		24
Finance costs				
Finance lease interest payable	16,096		61,138	
Spare finance costs	1,348		525	
		(17,444)		(61,663)
Loss before taxation		(521,029)		(609,739)

Nexabiome Limited

**Schedules to the income statement
For the year ended 31 March 2023**

	2023	2022
	£	£
Administrative expenses		
Wages and salaries	853,639	749,137
Social security costs	100,100	76,494
Staff recruitment costs	20,885	13,594
Staff training	12,832	12,622
Staff pension costs defined contribution	39,862	34,304
Other staff costs	6,671	13,536
Equity settled share based payment costs	39,999	(13,860)
Directors' remuneration	9,750	26,900
Management charge	100,912	87,123
Rent re licences and other	54,000	-
Service charge payable	12,863	11,504
Rates	25,953	15,352
Cleaning	13,610	12,493
Power, light and heat	23,150	6,666
Computer running costs	20,841	17,050
Hire of equipment (not operating lease)	-	7,425
Travelling expenses	12,127	3,637
Accommodation and subsistence	3,107	4,476
Postage, courier and delivery charges	470	490
Professional subscriptions	7,491	3,565
Legal and professional fees	8,011	8,104
Consultancy fees	162,515	134,058
Accountancy	20,622	10,812
Audit fees	13,250	10,000
Bank charges	1,251	1,727
Insurances	29,132	16,807
Printing and stationery	-	16,589
Promotions and exhibitions	12,517	280
Telecommunications	1,369	1,851
Other office supplies	16,881	456
Entertaining	3,134	1,184
Research and development costs	(621,772)	(552,768)
Sundry expenses	(3)	17,160
Depreciation	145,438	133,719
Impairment losses	41,457	56,376
Profit or loss on sale of tangible assets (non exceptional)	-	16,268
Loss on foreign exchange	29	5,550
	<u>1,192,093</u>	<u>960,681</u>

This page does not form part of the financial statements on which the auditors have reported.