

**Company Registration No. 07343550 (England and Wales)**

**ARCIS BIOTECHNOLOGY HOLDINGS LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED 31 DECEMBER 2019**

**PAGES FOR FILING WITH REGISTRAR**

# ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

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# ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2019

		2019		2018	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Intangible assets	3		9,811		22,078
Tangible assets	4		66,499		3,451
Investments	5		57		57
			<u>76,367</u>		<u>25,586</u>
<b>Current assets</b>					
Debtors	6	37,669		23,210	
Cash at bank and in hand		902,125		679,259	
		<u>939,794</u>		<u>702,469</u>	
<b>Creditors: amounts falling due within one year</b>	7	(342,185)		(293,018)	
<b>Net current assets</b>			<u>597,609</u>		<u>409,451</u>
<b>Total assets less current liabilities</b>			<u>673,976</u>		<u>435,037</u>
<b>Capital and reserves</b>					
Called up share capital	9		510		464
Share premium account			12,910,705		10,969,967
Capital redemption reserve			34		34
Profit and loss reserves			(12,237,273)		(10,535,428)
<b>Total equity</b>			<u>673,976</u>		<u>435,037</u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 2 June 2020 and are signed on its behalf by:

N A Ecos  
Director

Company Registration No. 07343550

# ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED 31 DECEMBER 2019**

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### **1 Accounting policies**

#### **Company information**

Arcis Biotechnology Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Suite S07 Techspace One, Keckwick Lane, Daresbury, Warrington, Cheshire, WA4 4AB.

#### **1.1 Accounting convention**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

#### **1.2 Going concern**

The financial statements have been prepared on the assumption that the company is a going concern and hence the directors believe it is appropriate to prepare these financial statements on a going concern basis. The directors believe that once its products have completed their respective research and development programmes, the commercialisation of those products will bring positive cash results to the company and its subsidiary undertakings in the near future.

In order to fund these extensive development programmes, the directors intend to seek further financial support from existing and new shareholders, as they have done in the past in order to provide the necessary finance for the company and its subsidiary undertakings to take these projects forward. The directors are confident that they will be able to secure this future funding, however at the date of the approval of the financial statements, there is no certainty that the company will have sufficient funding of its own to be able to finance the company and its subsidiaries for the period of twelve months from the date of approval of the financial statement as additional funding has yet to be raised. Furthermore, the company and its subsidiaries have yet to secure signed contract or orders of its product portfolio in line with their forecast revenue targets.

#### **1.3 Reporting period**

The company extended its reporting period to 17 month ending on 31 December 2019. The comparative figures are for the year ended 31 July 2018.

#### **1.4 Research and development expenditure**

Research expenditure is written off against profits 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.

# ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

### 1 Accounting policies

(Continued)

#### 1.5 Intangible fixed assets other than goodwill

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

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably.

Amortisation 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:

Patents	10 % straight line
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#### 1.6 Tangible fixed assets

Tangible fixed assets 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:

Leasehold improvements	Enter depreciation rate via StatDB - cd99988
Fixtures, fittings & equipment	33% straight line

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 credited or charged to profit or loss.

#### 1.7 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

#### 1.8 Impairment of fixed assets

At each reporting period 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.

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.

# ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. 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.

#### 1.9 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

#### 1.10 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

##### **Basic financial assets**

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

##### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### **Basic financial liabilities**

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

# ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

#### 1.11 Equity instruments

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

#### 1.12 Taxation

The tax expense represents the sum of the tax currently payable 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 profit and loss account 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.

##### *Deferred tax*

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing 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 profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. 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.

#### 1.13 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 stock or fixed assets.

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

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### 1.14 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

#### 1.15 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using a valuation model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

# ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

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### 1 Accounting policies

(Continued)

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.

#### 1.16 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### 1.17 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

#### 1.18 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 are included in the profit and loss account for the period.

### 2 Employees

The average monthly number of persons (including directors) employed by the company during the period was 10 (2018 - 9).

# ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

### 3 Intangible fixed assets

	Patents £
<b>Cost</b>	
At 1 August 2018 and 31 December 2019	86,593
<b>Amortisation and impairment</b>	
At 1 August 2018	64,515
Amortisation charged for the period	12,267
At 31 December 2019	76,782
<b>Carrying amount</b>	
At 31 December 2019	9,811
At 31 July 2018	22,078

### 4 Tangible fixed assets

	Land and buildings £	Plant and machinery etc £	Total £
<b>Cost</b>			
At 1 August 2018	-	9,830	9,830
Additions	55,556	11,609	67,165
At 31 December 2019	55,556	21,439	76,995
<b>Depreciation and impairment</b>			
At 1 August 2018	-	6,379	6,379
Depreciation charged in the period	-	4,117	4,117
At 31 December 2019	-	10,496	10,496
<b>Carrying amount</b>			
At 31 December 2019	55,556	10,943	66,499
At 31 July 2018	-	3,451	3,451

### 5 Fixed asset investments

	2019 £	2018 £
Investments	57	57

# ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

### 5 Fixed asset investments (Continued)

#### Movements in fixed asset investments

#### Shares in group undertakings

£

#### Cost or valuation

At 1 August 2018 & 31 December 2019

57

#### Carrying amount

At 31 December 2019

57

At 31 July 2018

57

### 6 Debtors

#### Amounts falling due within one year:

2019

2018

£

£

Trade debtors

-

2

Other debtors

37,669

23,208

37,669

23,210

### 7 Creditors: amounts falling due within one year

2019

2018

£

£

Trade creditors

60,699

33,209

Taxation and social security

18,405

18,671

Other creditors

263,081

241,138

342,185

293,018

### 8 Share-based payment transactions

#### Number of share options

#### Weighted average exercise price

2019

2018

2019

2018

Number

Number

£

£

Outstanding at 1 August 2018 and 31 December 2019

200,137

200,137

2.49

2.49

Exercisable at 31 December 2019

-

-

-

-

# ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

### 8 Share-based payment transactions

(Continued)

The options outstanding at 31 December 2019 had an exercise price ranging from £2.20 to £3.36, and a remaining contractual life of between 5-7 years.

The options vest following a listing of the company attaining a fixed value, a value contract of equivalent value, or sale of the company.

### 9 Called up share capital

	2019 £	2018 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
2,648,510 Ordinary shares of 0.0001p each	265	265
1,988,634 Ordinary B shares of 0.0001p each	199	199
462,093 (2018: 0) Ordinary C shares of 0.0001p each	46	-
	<u>510</u>	<u>464</u>

During the period 462,093 Ordinary C shares of £0.0001 were issued for a cash price of £4.20 per share.

### 10 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

#### Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in the Directors' Report and note 1.2 of the Accounting Policies to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of £1,701,845 during the period ended 31 December 2019 (2018: £982,927) and at that date the company had net assets of £673,976 (2018: £435,037). We draw attention to note 1.2 in the financial statement, which indicates that there is significant doubt regarding the company having sufficient funding for the foreseeable future. As stated in note 1.2 a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern. Our opinion is not qualified in this respect.

The senior statutory auditor was Hemen Doshi FCCA.

The auditor was Gerald Edelman.

## ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2019**

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#### 11 Operating lease commitments

##### **Lessee**

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2019 £	2018 £
Total commitments	108,196	8,438

## ARCIS BIOTECHNOLOGY HOLDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE PERIOD ENDED 31 DECEMBER 2019**

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#### **12 Related party transactions**

	<b>2019</b>	<b>2018</b>
	<b>£</b>	<b>£</b>
P L Whitehurst	6,750	6,750
P A P Foulger	11,250	11,250
J Rogers	4,500	4,500

These loans are repayable on either sale of Altos Medical investment or the first date on which the combined revenue of the group is equal to or exceeds £8m or on completion of sale or listing of the group.

During the year consultancy fees of £20,00 (2018: £nil) were paid to N Ecos, a director of the company.

The company has taken advantage of the exemption in paragraph 1AC.35 within Section 1A of FRS 102 to not disclose transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transactions is wholly-owned by such a member.

#### **13 Parent company**

The directors do not consider there to be an ultimate controlling party.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.