

Company Registration No. 08495195 (England and Wales)

ARCIS BIOTECHNOLOGY LIMITED

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

PAGES FOR FILING WITH REGISTRAR

ARCIS BIOTECHNOLOGY LIMITED

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ARCIS BIOTECHNOLOGY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2019

	Notes	2019 £	£	2018 £	£
Fixed assets					
Tangible assets	3		19,768		23,144
Current assets					
Stocks		6,780		26,715	
Debtors	4	20,883		2,462	
Cash at bank and in hand		3,168		2,328	
		<u>30,831</u>		<u>31,505</u>	
Creditors: amounts falling due within one year	5	<u>(29,389)</u>		<u>(15,729)</u>	
Net current assets			1,442		15,776
Total assets less current liabilities			<u>21,210</u>		<u>38,920</u>
Capital and reserves					
Called up share capital	6		1		1
Profit and loss reserves			21,209		38,919
Total equity			<u>21,210</u>		<u>38,920</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 1 June 2020 and are signed on its behalf by:

P A P Foulger
Director

Company Registration No. 08495195

ARCIS BIOTECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

Arcis Biotechnology 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, England, 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.

1.2 Going concern

The financial statements have been prepared on the assumption that the company is a going concern. The directors believe it is appropriate to prepare these financial statements on a going concern basis which assumes continued financial support from its parent company, Arcis Biotechnology Holdings Limited and anticipated revenues from the commercialisation of its product portfolio. The parent company support has been given as the parent company 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 to take this product commercialisation forward. The parent company directors have indicated that they believe they will be able to secure this funding, however at the date of the approval of the financial statements, there is no certainty that the parent company will have sufficient funding of its own to be able to finance the company 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 has 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 months ending on 31 December 2019. The comparative figures are for the year ended 31 July 2018.

1.4 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods).

1.5 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.

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.

ARCIS BIOTECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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 and machinery	20% straight line
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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 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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.

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.

1.8 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.

1.9 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.

ARCIS BIOTECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

1.10 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.

1.11 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.

ARCIS BIOTECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

1 Accounting policies

(Continued)

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.

1.12 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.

1.13 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.

1.14 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 0 (2018 - 0).

ARCIS BIOTECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

3 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 August 2018	36,253
Additions	7,870
	<hr/>
At 31 December 2019	44,123
	<hr/>
Depreciation and impairment	
At 1 August 2018	13,109
Depreciation charged in the period	11,246
	<hr/>
At 31 December 2019	24,355
	<hr/>
Carrying amount	
At 31 December 2019	19,768
	<hr/>
At 31 July 2018	23,144
	<hr/>

4 Debtors

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	14,403	2,407
Other debtors	6,480	55
	<hr/>	<hr/>
	20,883	2,462
	<hr/>	<hr/>

5 Creditors: amounts falling due within one year

	2019 £	2018 £
Trade creditors	21,389	13,729
Other creditors	8,000	2,000
	<hr/>	<hr/>
	29,389	15,729
	<hr/>	<hr/>

6 Called up share capital

	2019 £	2018 £
Ordinary share capital Issued and fully paid		
1 Ordinary share of £1 each	1	1
	<hr/>	<hr/>

ARCIS BIOTECHNOLOGY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2019

7 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. 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.

8 Related party transactions

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.

9 Parent company

The immediate controlling party is the parent company, Arcis Biotechnology Holdings Limited, a company registered in England & Wales. The registered office of Arcis Biotechnology Holdings Limited is Suite S07, Techspace One, Keckwick Lane, Daresbury, Warrington, Cheshire, WA4 4AB.

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.