

Company Registration No. SC467513 (Scotland)

Elasmogen Limited

Unaudited financial statements

for the year ended 31 January 2017

Pages for filing with Registrar

Elasmogen Limited

Company information

Directors	Dr C Barelle	
	Professor A Porter	
	Mr D Beattie	(Appointed 5 April 2017)
	Mr C Jones	(Appointed 5 April 2017)
	Dr S Neophytou	(Appointed 5 April 2017)

Company number	SC467513
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Registered office	Scottish Biologics Facility
	Liberty Building
	Foresterhill
	Aberdeen
	AB25 2ZP

Accountants	Henderson Loggie
	48 Queens Road
	Aberdeen
	AB15 4YE

Elasmogen Limited

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Elasmogen Limited

Balance sheet

as at 31 January 2017

		2017	2016
	Notes	£	£
Fixed assets			
Intangible assets	3	104,943	-
Tangible assets	4	840	-
		<u>105,783</u>	<u>-</u>
Current assets			
Debtors	5	29,743	94,153
Cash at bank and in hand		170,095	1,299
		<u>199,838</u>	<u>95,452</u>
Creditors: amounts falling due within one year	6	<u>(180,588)</u>	<u>(128,323)</u>
Net current assets/(liabilities)		<u>19,250</u>	<u>(32,871)</u>
Total assets less current liabilities		<u>125,033</u>	<u>(32,871)</u>
Creditors: amounts falling due after more than one year	7	(483,891)	-
Net liabilities		<u><u>(358,858)</u></u>	<u><u>(32,871)</u></u>
Capital and reserves			
Called up share capital	10	10	6
Profit and loss reserves		<u>(358,868)</u>	<u>(32,877)</u>
Total equity		<u><u>(358,858)</u></u>	<u><u>(32,871)</u></u>

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

For the financial year ended 31 January 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

Elasmogen Limited

Balance sheet (continued)

as at 31 January 2017

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 6 July 2017 and are signed on its behalf by:

Dr C Barelle

Director

Company Registration No. SC467513

Elasmogen Limited

Notes to the financial statements

for the year ended 31 January 2017

1 Accounting policies

Company information

Elasmogen Limited is a private company limited by shares incorporated in Scotland. The registered office is Scottish Biologics Facility, Liberty Building, Foresterhill, Aberdeen, AB25 2ZP.

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, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 January 2017 are the first financial statements of Elasmogen Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 February 2015. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The financial statements have been prepared on a going concern basis that assumes the business will continue in operational existence for a period of at least twelve months from the date the financial statements were approved. The directors have taken into account all relevant matters of which they are aware, and have concluded that the going concern basis is appropriate for the preparation of these accounts.

1.3 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 if the fair value 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	Over 20 years
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1.4 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.

Elasmogen Limited

Notes to the financial statements (continued)

for the year ended 31 January 2017

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	25% reducing balance
Computer 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.

1.5 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.

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.

1.6 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.

Elasmogen Limited

Notes to the financial statements (continued)

for the year ended 31 January 2017

1 Accounting policies (continued)

1.7 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.

1.8 Compound instruments

The component parts of compound instruments issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity net of income tax effects and is not subsequently remeasured.

Elasmogen Limited

Notes to the financial statements (continued)

for the year ended 31 January 2017

1 Accounting policies (continued)

1.9 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.

1.10 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.

1.11 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.

Elasmogen Limited**Notes to the financial statements (continued)****for the year ended 31 January 2017****1 Accounting policies (continued)****1.12 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.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was 4 (2016 - 2).

3 Intangible fixed assets

	Patents £
Cost	
At 1 February 2016	-
Additions - separately acquired	113,263
At 31 January 2017	113,263
Amortisation and impairment	
At 1 February 2016	-
Amortisation charged for the year	8,320
At 31 January 2017	8,320
Carrying amount	
At 31 January 2017	104,943
At 31 January 2016	-

Elasmogen Limited

Notes to the financial statements (continued)

for the year ended 31 January 2017

4 Tangible fixed assets

	Plant and machinery	Computer equipment	Total
	£	£	£
Cost			
At 1 February 2016	-	-	-
Additions	300	923	1,223
	<u>300</u>	<u>923</u>	<u>1,223</u>
At 31 January 2017	300	923	1,223
	<u>300</u>	<u>923</u>	<u>1,223</u>
Depreciation and impairment			
At 1 February 2016	-	-	-
Depreciation charged in the year	75	308	383
	<u>75</u>	<u>308</u>	<u>383</u>
At 31 January 2017	75	308	383
	<u>75</u>	<u>308</u>	<u>383</u>
Carrying amount			
At 31 January 2017	225	615	840
	<u>225</u>	<u>615</u>	<u>840</u>
At 31 January 2016	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

5 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	2,006	-
Corporation tax recoverable	3,001	-
Other debtors	6,033	94,153
Prepayments and accrued income	18,703	-
	<u>29,743</u>	<u>94,153</u>
	<u>29,743</u>	<u>94,153</u>

6 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	19,654	94,154
Other taxation and social security	3,918	2,670
Other creditors	150,173	186
Accruals and deferred income	6,843	31,313
	<u>180,588</u>	<u>128,323</u>
	<u>180,588</u>	<u>128,323</u>

Elasmogen Limited**Notes to the financial statements (continued)****for the year ended 31 January 2017****7 Creditors: amounts falling due after more than one year**

	Notes	2017 £	2016 £
Convertible loans	8	483,891	-

Amounts included above which fall due after five years are as follows:

Payable other than by instalments	450,000	-
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8 Convertible loan notes

	2017 £	2016 £
Convertible loan notes	483,891	-

On 26 January 2016, a resolution was passed to enable the company to allot and issue, to Scottish Enterprise, convertible loan notes of £1 each, for an aggregate subscription of £625,000. The loan notes are unsecured and are convertible in the year 2025.

The subscription to the loan notes will be taken up over three tranches, with each tranche subject to the terms and conditions laid out in the subscription agreement. At the Balance sheet date the first two tranches had been received and the final payment was received post year end, once the terms and conditions of the subscription were met.

9 Government grants

In February 2016, the company was awarded grant funding of £68,694 from Innovate UK. At the year end there were no unfulfilled conditions attached to the funding and £18,433 was still to be received and is included within accrued income in the balance sheet.

In January 2017, the company was awarded a further grant from Innovate UK for £685,575. The project this grant relates to had not been started, and no funds had been received at the Balance Sheet date.

Elasmogen Limited**Notes to the financial statements (continued)****for the year ended 31 January 2017****10 Called up share capital**

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
10,000 Ordinary shares of 0.1p each	10	6
	==	==

On 3 February 2016 4,200 ordinary shares of £0.01 were issued at par.

11 Events after the reporting date**SEIS Funding**

During the year the company entered into an agreement with DeepBridge Capital for seed investment funding. In return for 845 ordinary £0.01 shares, DeepBridge Capital would pay £149,996.

The funds from DeepBridge Capital were received in December 2016, however the shares were not issued until February 2017. At the balance sheet date, the funding received from Deepbridge has been treated as a creditor. This balance will convert to shares and a share premium account upon the issue of the shares.

Convertible loan notes 2018

In February 2017, the directors passed a resolution to enable the company to allot and issue, to Scottish Enterprise, 149,995 £1 unsecured convertible loan notes.

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.