REGISTERED NUMBER: 06970743 (England and Wales)

Cell Therapy Limited

Financial Statements

for the Period 1 August 2020 to 31 March 2021

Grenfell James Audit LLP, Statutory Auditor
13 The Courtyard
Timothy's Bridge Road
Stratford Upon Avon
Warwickshire
CV37 9NP

Contents of the Financial Statements for the period 1 August 2020 to 31 March 2021

Cell Therapy Limited

Company Information
for the period 1 August 2020 to 31 March 2021

DIRECTORS:	Celixir Limited Mr A T Reginald
REGISTERED OFFICE:	Celixir House, Stratford-upon-Avon Business & Technology Park Innovation Way Stratford-upon-Avon Warwickshire CV37 7GZ
REGISTERED NUMBER:	06970743 (England and Wales)
AUDITORS:	Grenfell James Audit LLP, Statutory Auditor 13 The Courtyard Timothy's Bridge Road Stratford Upon Avon Warwickshire CV37 9NP

Statement of Financial Position
31 March 2021

	Notes	2021 £	2021 £	2020 £	2020 £
FIXED ASSETS					
Intangible assets	4		714,004		746,930
Property, plant and equipment	5		21,620		106,149
Investments	6		8,113		8,113
			743,737		861,192
CURRENT ASSETS					
Debtors	7	2,039,248		2,491,653	
Cash at bank and in hand		720,378		871,865	
		2,759,626		3,363,518	
CREDITORS					
Amounts falling due within one year	8	4,285,562		3,865,392	
NET CURRENT LIABILITIES			(1,525,936)		(501,874)
TOTAL ASSETS LESS CURRENT LIABILITIES			(782,199)		359,318
CREDITORS					
Amounts falling due after more than one year	9		(8,958,333)		(9,375,553)
PROVISIONS FOR LIABILITIES	11		(85,000)		(75,000)
NET LIABILITIES			(9,825,532)		(9,091,235)
CAPITAL AND RESERVES					
Called up share capital			19,965		19,965
Share premium	12		10,454,868		10,454,868
Capital contribution reserve	12		1,303,865		1,298,907
Retained earnings	12		(21,604,230)		(20,864,975)
			(9,825,532)		(9,091,235)

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Directors and authorised for issue on 31 July 2021 and were signed by:

Mr A T Reginald - Director

The notes form part of these financial statements

Notes to the Financial Statements
for the period 1 August 2020 to 31 March 2021

1. **STATUTORY INFORMATION**

Cell Therapy Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

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2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Going Concern

The directors have prepared these financial statements on the basis that Cell Therapy Limited ("the Company") is a going concern and is able to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

The Company is dependent on financial support from its parent company, Celixir Limited. The Directors have written confirmation from Celixir Limited that financial support will be provided for a period of not less than 12 months from the date of signing these financial statements. The Directors have assessed the ability of Celixir Limited to provide this support and note that at the date of signing of these financial statements, Celixir Group has a cash balance of £1.4m to provide financial support. Since the period end, the Celixir Group has incurred cash expenses of approximately £500k, resulting in cash balances of £900k at the date of these financial statements.

The ability of Celixir group of companies to continue operations in its current capacity is dependent on additional equity finance being raised, which is dependent on data from the clinical trial. Discussions with prospective investors are in progress. In addition, opportunities continue to be considered to build on the out-license of Heartcel™ to Daiichi Sankyo for Japan, by out-licensing in additional geographies. Any such out-license would be expected to include significant upfront payments to the Group.

The principal operational objective of the Celixir group remains undertaking the planned clinical trial for Heartcel™ in Europe, positive data from which would be expected to result in significant interest from prospective investors and licensing partners.

However, the directors recognise that there remains uncertainty in relation to the outcome of such discussions and that there is no certainty that the targeted funding will be secured. Accordingly, the directors have planned for a range of potential scenarios for the business. In the absence of additional funding being secured, there would be a focus on supporting the development of Heartcel™ in Japan by Daiichi Sankyo, and the directors would implement further cost savings to deliver the clinical trial.

The directors have prepared working capital projections for the Celixir group of companies, which demonstrate that the group is able to meet its liabilities as they fall due for the period to 31st July 2022, whilst continuing to deliver its principal operational objective.

Given the nature of the business, the directors have a reasonable lead time in which to assess the likelihood of additional funding being available and if necessary will scale back the level of operational activity to allow cash to be conserved over a longer period.

On the basis of the above, the directors have concluded that it remains appropriate to prepare these financial statements on the going concern basis.

First year adoption of Financial Reporting Standard 102 (FRS 102) Section 1A

These financial statements for the period ended 31 March 2021 are the first that are prepared in accordance with FRS 102 Section 1A. The previous financial statements were prepared in accordance with FRS 101, the date of transition to FRS 102 Section 1A is 1 August 2019.

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2. **ACCOUNTING POLICIES - continued**

Preparation of consolidated financial statements
The financial statements contain information about Cell Therapy Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Related party exemption
The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Critical accounting judgements and key sources of estimation uncertainty
In application of the Company's accounting policies above, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities. These estimates and assumptions are based on historical experience and other factors considered relevant. Actual results may differ from 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 payments if the revision affects both current and future periods.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of other intangible assets
Determining whether an intangible asset is impaired requires an estimation of the value in use of the asset. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value. In relation to patents, it is assumed that patents applied for will be granted in due course unless the Company has evidence to suggest otherwise. If a patent application is not pursued or rejected an impairment loss will arise.

During the year, certain patents have been abandoned and the appropriate impairment charge recognised in the statement of comprehensive income. The judgement of the directors is that the remaining patents, to the extent that they have not yet been granted, will be granted in due course and that their value in use exceeds their carrying value. As at 31 July 2020, the carrying amount of patents and trademarks, subject to this judgement, was £714,004.

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2. ACCOUNTING POLICIES - continued

Revenue recognition

Revenue for goods and services provided in the normal course of business is measured at the fair value of the consideration received or receivable, net of discounts, VAT and other sales-related taxes and is reduced for estimated customer returns, rebates and other similar allowances.

Licence and royalty revenue are recognised in accordance with IFRS 15 Revenue from Contracts with Customers (effective date 1 January 2018), on an accrual basis, in line with performance conditions, such as obtaining and maintaining relevant patents, in accordance with the substance of the relevant agreement (provided it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Time-based royalties are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Intangible assets

Intangible assets represent costs relating to the Company's patent and trademark applications, specialist software and intangible assets identified in respect of acquired businesses in accordance with FRS 102.

Costs associated with patent applications, provided the patent is expected to be granted in due course, are carried at cost until the first patent in the respective patent family is granted. The costs are then amortised on a straight-line basis over the period to patent expiry. If it becomes likely that a patent will not be granted, a patent is abandoned or an application is rejected, the costs associated with that patent will be fully impaired immediately.

Costs associated with software are carried at cost and amortised over a period of 2-5 years. Expenditure on research activities is recognised in the statement of comprehensive income as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible; the Company intends and has the technical ability and sufficient resources to complete development; future economic benefits are probable and if the expenditure attributable to the intangible asset during its development can be reliably measured.

Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the Company's intangible assets.

Impairment of non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. If the carrying amount of an asset exceeds its estimated recoverable amount an impairment loss is recognised and expensed.

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2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Property, plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful life of each asset on the following bases:

Office and laboratory equipment	2 - 5 years
Motor vehicles	Up to 3 years (with appropriate residual values)
Laboratory equipment	2 - 5 years
Leasehold improvements	2 - 5 years
Fixtures and fittings	3 years

Depreciation methods, useful lives and residual values are reviewed at each statement of financial position date.

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost.

Financial instruments
Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:
a) they include no contractual obligations on the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and

b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial asset for a fixed number of its own equity instruments.

To the extent that this definition is not met, the financial investment is classified as a financial liability. Where the financial liability is in the form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Taxation
Taxation for the period comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

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2. **ACCOUNTING POLICIES - continued**

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

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

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Share-based payments

The parent company, Celixir limited, issues equity settled share options to certain employees of the Group, and the Company. Full details of the scheme are set out in the financial statements of Celixir limited. The Black-Scholes option model is used to estimate the fair value of each option at date of grant. The fair value relating to Company employees participating in the scheme is expensed on a straight-line basis over the vesting period, based on the parent company's estimate of the shares that will eventually vest.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the period was 11 (2020 - 16).

**Notes to the Financial Statements - continued
for the period 1 August 2020 to 31 March 2021**

4. INTANGIBLE FIXED ASSETS

	Patents and licences £	Computer software £	Totals £
COST			
At 1 August 2020	1,365,095	4,853	1,369,948
Additions	35,459	-	35,459
At 31 March 2021	1,400,554	4,853	1,405,407
AMORTISATION			
At 1 August 2020	618,165	4,853	623,018
Amortisation for period	38,162	-	38,162
Impairments	30,223	-	30,223
At 31 March 2021	686,550	4,853	691,403
NET BOOK VALUE			
At 31 March 2021	714,004	-	714,004
At 31 July 2020	746,930	-	746,930

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements £	Fixtures and fittings £	Office and laboratory equipment £	Totals £
COST				
At 1 August 2020 and 31 March 2021	501,563	14,423	345,200	861,186
DEPRECIATION				
At 1 August 2020	429,161	14,001	311,875	755,037
Charge for period	69,525	308	14,696	84,529
At 31 March 2021	498,686	14,309	326,571	839,566
NET BOOK VALUE				
At 31 March 2021	2,877	114	18,629	21,620
At 31 July 2020	72,402	422	33,325	106,149

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Notes to the Financial Statements - continued
for the period 1 August 2020 to 31 March 2021

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 August 2020 and 31 March 2021	8,113
NET BOOK VALUE	
At 31 March 2021	8,113
At 31 July 2020	8,113

7. DEBTORS

	2021 £	2020 £
Amounts falling due within one year:		
Amounts owed by group undertakings	889,276	889,276
Other debtors	-	720
Tax	300,948	696,265
VAT	8,852	2,108
Prepayments and accrued income	84,800	157,783
	1,283,876	1,746,152
Amounts falling due after more than one year:		
Amounts owed by group undertakings	755,372	745,501
Aggregate amounts	2,039,248	2,491,653

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade creditors	151,209	113,617
Amounts owed to group undertakings	3,311,776	2,705,188
Social security and other taxes	16,545	36,023
Other creditors	55,803	76,287
Directors' current accounts	-	932
Accruals and deferred income	750,229	933,345
	4,285,562	3,865,392

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9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Amounts owed to group undertakings	-	553
Accruals and deferred income	8,958,333	9,375,000
	8,958,333	9,375,553

10. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	165,000	165,000
Between one and five years	41,250	206,250
	206,250	371,250

11. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Other provisions		
Dilapidation provision	85,000	75,000

The provision represents management's best estimate of the potential costs to reinstate the Company's leased property to its original condition.

12. RESERVES

	Retained earnings	Share premium	Capital contribution reserve	Totals
	£	£	£	£
At 1 August 2020	(20,864,975)	10,454,868	1,298,907	(9,111,200)
Deficit for the period	(739,255)			(739,255)
Share Option Expense	-	-	4,958	4,958
At 31 March 2021	(21,604,230)	10,454,868	1,303,865	(9,845,497)

13. DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006

The Report of the Auditors was unqualified.

Edward Grenfell James (Senior Statutory Auditor)
for and on behalf of Grenfell James Audit LLP, Statutory Auditor

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14. **FIRST YEAR ADOPTION**

These financial statements for the period ended 31st March 2021 are the first prepared in accordance with the Financial Reporting Standard 102 (FRS 102) Section 1A. The previous financial statements were prepared in accordance with Financial Reporting Standard 101 (FRS 101), the date of transaction to FRS 102 was 1st August 2019.

The following changes have been made to the comparative figures as a result of the transition to FRS 102. Please see pages 22 to 24 for the effect of the transition on Equity and Profit and Loss.

1. De-recognition of 'right of use' fixed asset recognised under IFRS 16. The net book value of the asset at the date of transition was £356,508 and £234,335 at 31st July 2020.

2. De-recognition of finance lease receivable relating to the sub-lease of the leased property. The value of the asset at the date of transition was £nil and £153,402 at 31st July 2020.

3. De-recognition of finance lease receivable relating to the 'right of use' asset and sub-lease. The book value of this liability at the date of transition was (£250,886) and (£398,561) as at 31st July 2020.

4. Recognition of rent income deferral of £13,750 relating to the sub-lease of the leased property. The value of the liability at the date of transition was £nil and (£13,750) at 31st July 2020.

5. Recognition of lease rental provision relating to rent free period of leased property. The value of the liability at the date of transition was £nil and (£47,566) at 31st July 2020.