

iQur Limited

Report and Financial Statements

Year Ended

31 March 2015

Company Number 04665665

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iQur Limited

Report and financial statements for the year ended 31 March 2015

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Directors

Prof. W. M. C. Rosenberg
Dr. D. B. Campbell
B. Reynolds
Dr. J. Tite
Dr. M. A. Whelan
Mr. M. R. Underwood

Secretary and registered office

Dr. M. A. Whelan, The London Bioscience Innovation Centre, 2 Royal College Street, London, NW1 0NH

Company number

04665665

Auditors

BDO LLP, Arcadia House, Maritime Walk, Ocean Village, Southampton, SO14 3TL

iQur Limited

Report of the directors for the year ended 31 March 2015

The directors present their report together with the audited financial statements for the year ended 31 March 2015.

Results

The profit and loss account is set out on page 5 and shows the loss for the year.

Directors

The directors of the company during the year were:

Prof. W. M. C. Rosenberg
Mr. J. B. Boyer (resigned 5 September 2014)
Dr. D. B. Campbell
B. Reynolds
Dr. J. Tite
Dr. M. A. Whelan
Mr. M. R. Underwood (appointed 8 September 2014)

Directors' responsibilities

The directors are responsible for preparing the directors' 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

iQur Limited

Report of the directors for the year ended 31 March 2015 (*continued*)

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

In preparing this directors' report advantage has been taken of the small companies' exemption.

On behalf of the board



Dr. M. A. Whelan
Director

17 Dec 2015

iQur Limited

Independent auditor's report

To the members of iQur Limited

We have audited the financial statements of iQur Limited for the year ended 31 March 2015 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going Concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the ability of the company to continue as a going concern which depends on its ability to raise further funding to continue in operational existence. Although the directors are confident of raising such funds there is no guarantee that they will be able to do so. These conditions indicate the existence of a material uncertainty which may cast significant doubt about 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

iQur Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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 prepare the financial statements and the directors' report in accordance with the small companies regime and to the exemption from the requirement to prepare a strategic report.



*Kier White (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
Southampton
United Kingdom*

21/12/15

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

iQur Limited

Profit and loss account for the year ended 31 March 2015

	Note	2015 £	2014 £
Turnover	2	128,597	112,157
Cost of sales		58,524	51,671
		<hr/>	<hr/>
Gross profit		70,073	60,486
Administrative expenses		772,337	659,412
		<hr/>	<hr/>
		(702,264)	(598,926)
Other operating income		281,355	109,837
		<hr/>	<hr/>
Operating loss	3	(420,909)	(489,089)
Other interest receivable and similar income		720	309
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(420,189)	(488,780)
Taxation on loss on ordinary activities	6	45,501	63,893
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(374,688)	(424,887)
		<hr/> <hr/>	<hr/> <hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 22 form part of these financial statements.

iQur Limited

Balance sheet at 31 March 2015

Company number 04665665	Note	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Intangible assets	7		91,224		99,027
Tangible assets	8		43,778		35,409
Fixed asset investments	9		102		102
			135,104		134,538
Current assets					
Debtors	10	153,952		173,726	
Cash at bank and in hand		462,771		312,033	
			616,723		485,759
Creditors: amounts falling due within one year	11	86,218		278,974	
			530,505		206,785
Net current assets			665,609		341,323
Total assets less current liabilities					
			665,609		341,323
Creditors: amounts falling due after more than one year	12		-		1,279,476
Capital and reserves					
Called up share capital	13	18,659		2,594	
Share premium account	14	9,940,698		8,039,313	
Profit and loss account	14	(9,293,748)		(8,980,060)	
			665,609		(938,153)
Shareholders' funds/(deficit)	15		665,609		(938,153)
			665,609		341,323

These financial statements have been prepared 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 **17 DEC 2015**



Dr. M. A. Whelan
Director

The notes on pages 8 to 22 form part of these financial statements.

iQur Limited

Cashflow statement for the year ended 31 March 2015

	Note	2015 £	2015 £	2014 £	2014 £
Net cash outflow from operating activities	20		(486,475)		(295,725)
Returns on investments and servicing of finance					
Interest received			720		309
Taxation					
Corporation tax paid			47,019		58,262
Capital expenditure and financial investment					
Payments to acquire intangible fixed assets		(30,691)		(16,552)	
Payments to acquire tangible fixed assets		(17,809)		(35,842)	
Net cash outflow from capital expenditure and financial investment			(48,500)		(52,394)
Cash outflow before use of financing			(487,236)		(289,548)
Financing					
Share capital issued		643,500		-	
Loan notes issued		-		306,942	
Share issue expenses		(5,526)		-	
Net cash inflow from financing			637,974		306,942
Increase in cash	21		150,738		17,394

The notes on pages 8 to 22 form part of these financial statements.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015

1 Accounting policies

The financial statements have been prepared under the historical cost convention.

The following principal accounting policies have been applied:

Going concern

The Company's cash position as at 31 March 2015 was £462,771 (2014: £312,033). Subsequent to the year end In June 2015 the company received £562,000 of equity funding. The directors have prepared cash flow forecasts which indicate that in addition to the funding received and receivable from successful grant applications the company will require additional funding by the 2nd quarter of 2016 in order to meet its commitments as the fall due.

The directors intend to raise additional funding in the first quarter of 2016 from existing investors as well as new investors. The directors believe that sufficient funding will be available and as a consequence that the company will have adequate resources to continue its operations for the foreseeable future. If further funding is not available the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Although there is some inherent uncertainty over the availability of further funding, the Directors believe that the company's prior success in raising similar funding enables the company to continue to operate as normal and accordingly they believe that the going concern basis of preparation continues to be appropriate. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the going concern basis were no longer appropriate, in particular any necessary write down of the value of the intangible assets held on the balance sheet.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Revenue in respect of diagnostic testing is recognised on completion of the relevant tests.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Plant and machinery - Between three and five years

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Any differences are taken to the profit and loss account.

Convertible debt

The proceeds received on issue of the Company's convertible debt have been classified as a liability in the balance sheet as whilst the debt is only convertible into equity and not repayable the debt will be settled by the issue of a variable number of equity shares.

Research and development

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 *(continued)*

1 Accounting policies *(continued)*

Research and development (continued)

Expenditure on pure and applied research is charged to the profit and loss account in the year in which it is incurred.

Development costs are also charged to the profit and loss account in the year of expenditure, unless individual projects satisfy all of the following criteria:

- the project is clearly defined and related expenditure is separately identifiable;
- the project is technically feasible and commercially viable;
- current and future costs are expected to be exceeded by future sales; and
- adequate resources exist for the project to be completed.

In such circumstances the costs are carried forward and amortised over a period not exceeding five years commencing in the year the company starts to benefit from the expenditure.

Share-based payment

When share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition. Where the share options have been awarded in lieu of salary then the charge is based on the salary foregone.

Where the terms and conditions of options are modified before they vest, the increase in fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Government grants

Grants of a revenue nature are credited to the profit and loss accounts so as to match them with the expenditure to which they relate. These amounts are disclosed as other operating income.

Intangible fixed assets

Intangible fixed assets comprise of trademarks, acquired patents and know-how directly relating to current and future licensing and distribution activities. These are recorded at cost on the date of purchase. The purchase of intangible fixed assets can be for consideration other than cash, in which event cost is calculated by reference to the market value of the non-cash consideration.

Intangibles are amortised in equal installments over their anticipated economic working life of seven years, subject to reviews for impairment.

Leased assets

Annual rental costs of operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

1 Accounting policies (continued)

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 399 of the Companies Act 2006 as the group it heads qualifies as a small group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

2 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 28.9% (2014 - 15.9%).

All of the company's turnover is attributable to diagnostic sales.

3 Operating loss

	2015 £	2014 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	9,440	2,237
Amortisation of other intangible fixed assets	38,494	49,009
Hire of other assets - operating leases	24,142	42,529
Fees payable to the company's auditor for the auditing of the company's annual accounts	7,380	7,050
Exchange differences	2,162	466
Research and development	435,284	383,158
	<u> </u>	<u> </u>

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

4 Employees

Staff costs (including directors) consist of:

	2015 £	2014 £
Wages and salaries	458,856	309,305
Social security costs	36,845	34,544
	<u>495,701</u>	<u>343,849</u>

The average number of employees (including directors) during the year was as follows:

	2015 Number	2014 Number
Administration	6	4
Research and Development	5	5
Diagnostic Testing	1	1
	<u>12</u>	<u>10</u>

5 Directors' remuneration

	2015 £	2014 £
Aggregate emoluments, pension contributions and amounts receivable under long term incentive schemes	203,696	176,633
Share options issued in lieu of salary	61,000	-
	<u>264,696</u>	<u>176,633</u>

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

6 Taxation on loss on ordinary activities

	2015 £	2014 £
<i>UK Corporation tax</i>		
Current tax on loss of the year	(50,222)	(63,772)
Adjustment in respect of previous periods	4,721	(121)
	(45,501)	(63,893)
Total current tax	(45,501)	(63,893)

The tax assessed for the year is different to the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2015 £	2014 £
Loss on ordinary activities before tax	(420,189)	(488,780)
	(420,189)	(488,780)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 21% (2014 - 23%)	(88,240)	(112,419)
Effect of:		
Income/expenses not deductible for tax purposes	12,822	-
Adjustment to tax charge in respect of previous periods	4,721	(121)
R&D enhancement relief	(40,412)	(4,622)
Fixed asset timing differences	(2,284)	(8,306)
Losses carried forward	45,377	61,575
Losses surrendered for R&D tax credit	22,515	-
	(45,501)	(63,893)
Current tax credit for the year	(45,501)	(63,893)

There are tax losses available for carry forward against future trading profits of approximately £5,724,000 (2014: £5,509,000). A deferred tax asset in respect of these losses of approximately £1,145,000 (2014: £1,202,000) and in respect of other timing differences of £331,000 (2014: £338,000) has not been recognised in the accounts as the full utilisation of these losses in the foreseeable future is uncertain.

iQur Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (*continued*)

7 Intangible fixed assets

	Other intangible fixed assets £
<i>Cost or valuation</i>	
At 1 April 2014	365,760
Additions	30,691
	<hr/>
At 31 March 2015	396,451
	<hr/>
<i>Amortisation</i>	
At 1 April 2014	266,733
Provided for the year	38,494
	<hr/>
At 31 March 2015	305,227
	<hr/>
<i>Net book value</i>	
At 31 March 2015	91,224
	<hr/> <hr/>
At 31 March 2014	99,027
	<hr/> <hr/>

iQur Limited

Notes forming part of the financial statements
for the year ended 31 March 2015 (*continued*)

8 Tangible fixed assets

	Plant and machinery etc £
<i>Cost or valuation</i>	
At 1 April 2014	134,055
Additions	17,809
	<hr/>
At 31 March 2015	151,864
	<hr/>
<i>Depreciation</i>	
At 1 April 2014	98,646
Provided for the year	9,440
	<hr/>
At 31 March 2015	108,086
	<hr/>
<i>Net book value</i>	
At 31 March 2015	43,778
	<hr/> <hr/>
At 31 March 2014	35,409
	<hr/> <hr/>

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

9 Fixed asset investments

	Shares in group undertakings and participating interests £
<i>Cost or valuation</i>	
At 1 April 2014 and 31 March 2015	102

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

<i>Subsidiary undertakings</i>	Country of incorporation or registration held	Proportion of voting rights and ordinary share capital	Nature of business
Convention Associates Limited	UK	100	% Dormant
iQUR Diagnostics Limited	UK	100	% Dormant
iQUR Therapeutics Limited	UK	100	% Dormant
iQUR Services Limited	UK	100	% Dormant

10 Debtors

	2015 £	2014 £
Trade debtors	31,792	40,892
Corporation tax recoverable	72,451	73,969
Other debtors	19,010	30,235
Prepayments and accrued income	30,699	28,630
	<u>153,952</u>	<u>173,726</u>

All amounts shown under debtors fall due for payment within one year.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

11 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	13,633	20,225
Taxation and social security	13,507	14,204
Other creditors	59,078	244,545
	<u>86,218</u>	<u>278,974</u>

12 Creditors: amounts falling due after more than one year

	2015 £	2014 £
Convertible loan notes	-	1,279,476
	<u>-</u>	<u>1,279,476</u>

Maturity of debt:

	Convertible debt 2015 £	Convertible debt 2014 £
In more than one year but not more than two years	-	1,279,476
	<u>-</u>	<u>1,279,476</u>

The Company had raised funding by the issue of convertible loan notes. The loan notes had a nil coupon with conversion rights into ordinary share capital at the time of the next major funding event (specified as a fundraising round in excess of £500,000 or an exit event). During the year ended 31 March 2015 the company undertook a fundraising event through the issue of 321,490 shares of £2 each. As a result the company was required to convert the loan notes into ordinary shares of £1 each under the conversion rights attached to the loan notes. The conversion price per share was determined at the lower of £92.00 per share or a 50% discount off the per share price of the next major funding event, which was £1 per share. In accordance with FRS 25 these loan notes have previously been classified as a financial liability due to the settlement being for a variable number of equity shares.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 *(continued)*

13 Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
1,865,936 ordinary shares of £0.01 each (2014: 259,400 ordinary shares of £0.01 each)	18,659	2,594

In September 2014 321,536 ordinary shares of £0.01 were issued at £2 per share.

In September 2014 1,285,000 ordinary shares of £0.01 were issued at £1 per share through the conversion of existing loan notes as described in note 12.

Share Options

Share options of 296,554 (2014: 239,610) exist at year end and have been accounted for under FRS 20.

14 Reserves

	Share premium account £	Profit and loss account £
At 1 April 2014	8,039,313	(8,980,060)
Premium on shares issued during the year	634,761	-
Expenses of share issue	(5,526)	-
Conversion of loan stock	1,272,150	-
Loss for the year	-	(374,688)
Share options issued in lieu of salary	-	61,000
	9,940,698	(9,293,748)
At 31 March 2015		

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

15 Reconciliation of movements in shareholders' funds/(deficit)

	2015 £	2014 £
Loss for the year	(374,688)	(424,887)
Share options issued in lieu of salary	61,000	-
Expenses of shares issue	(5,526)	-
Issue of shares	16,065	-
Premium on shares issued during the year	634,761	-
Conversion of loan stock	1,272,150	-
	<hr/>	<hr/>
Net additions to/(deductions from) shareholders' funds/(deficit)	1,603,762	(424,887)
Opening shareholders' deficit	(938,153)	(513,266)
	<hr/>	<hr/>
Closing shareholders' funds/(deficit)	665,609	(938,153)
	<hr/>	<hr/>

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (*continued*)

16 Share-based payments

The following options are within the scope of FRS 20 'Share-based payments'. All of these options are capable of being exercised once vested. All options must be exercised at the latest within ten years of the date of grant.

In November 2004 the Company granted options over 3,956 ordinary shares of £0.01 at an exercise price of £27.27 per share. These shares lapsed during the year ended 31 March 2015.

In August 2005 the Company granted options over 2,970 ordinary shares of £0.01 at an exercise price of £27.27 per share. These options have lapsed subsequent to the year end.

In July 2006 Bruce Campbell was granted options over 2,210 ordinary shares of £0.01 at an exercise price of £62.47 per share.

In June 2007 Brenda Reynolds was granted options over 2,210 ordinary shares of £0.01 at an exercise price of £92.00 per share.

In July 2007 Jack Boyer was granted options over 1,819 ordinary shares of £0.01 at an exercise price of £27.27 per share.

In September 2007 the Company granted options over 2,210 ordinary shares of £0.01 at an exercise price of £92.00 per share.

In September 2007 the Company granted options over 450 ordinary shares of £0.01 at an exercise price of £30.00 per share.

In October 2007 the Company granted options to its employees over 13,454 ordinary shares of £0.01 at an exercise price of £30.00 per share. Of these 300 have lapsed.

In December 2007 the Company granted options over 2,412 ordinary shares of £0.01 at an exercise price of £30.00 per share.

In January 2008 William Rosenberg was granted options over 10,875 ordinary shares of £0.01 at an exercise price of £62.47 per share.

In June 2008 the Company granted options over 400 ordinary shares of £0.01 at an exercise price of £30.00 per share.

In October 2009 Brenda Reynolds and Bruce Campbell were each granted options over 100 ordinary shares of £0.01, and William Rosenberg was granted options over 750 ordinary shares of £0.01. All of the shares were at a price equivalent to that of the Convertible Note, which in the current year was determined as £1.

In November 2010 the Company granted options over 200 ordinary shares of £0.01 at an exercise price of £30.00 per share.

In July 2009 John Tite was granted options over 2,210 ordinary shares of £0.01 at an exercise price of £92.00 per share.

In October 2009 Jack Boyer was granted options over 484 ordinary shares of £0.01; 184 were at an exercise price of £27.27 and the price of the remainder will be the same as the price of the Convertible Note, which in the current year was determined as £1.

In March 2012 Mike Whelen was granted options over ordinary shares of £0.01 in lieu of salary equal to £10,000, John Tite and Brenda Reynolds were each granted options equal to £12,500, Jack Boyer was granted options equal to £37,000 and William Rosenberg was granted options equal to £60,000. The

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

16 Share-based payments (continued)

exercise price of these options would be the same as the price of the Convertible Note, which in the current year was determined as £1.

In February 2013 John Tite and Brenda Reynolds were each granted options over ordinary shares of £0.01 in lieu of salary equal to £6,250, Jack Boyer was granted options equal to £18,500 and William Rosenberg was granted options equal to £30,000. The exercise price of these options would be the same as the price of the Convertible Note, which in the current year was determined as £1.

In August 2013 John Tite and Brenda Reynolds were each granted options over ordinary shares of £0.01 in lieu of salary equal to £6,250 and Jack Boyer was granted options equal to £18,500. The exercise price of these options would be the same as the price of the Convertible Note, which in the current year was determined as £1.

In September 2013 William Rosenberg was granted options equal to £30,000 over ordinary shares of £0.01 in lieu of salary. The exercise price of these options would be the same as the price of the Convertible Note, which in the current year was determined as £1.

The options granted in August and September 2013 were not accounted for in prior year and therefore are reflected in the number of options granted in the current year in the table below.

	2015	2015	2014	2014
	Weighted average exercise price(pence)	Number	Weighted average exercise price (pence)	Number
Outstanding at the beginning of the year	989	239,610	989	239,610
Granted during the year	1	61,000	-	-
Exercised during the year	1	(100)	-	-
Lapsed during the year	2,727	(3,956)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at the end of the year	784	296,554	989	239,610
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The 2014 comparatives have been restated to reflect the share options issued in lieu of salary, as the number of options granted under these agreements have been determined in the current year as a result of the fund raise.

The exercise price of options outstanding at the end of the year ranged between £1 and £92 (2014 - £1 and £92) and their weighted average contractual life was 6.9 years (2014 - 7.4 years).

The options granted in August and September 2013 were valued at the salary foregone.

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

17 Commitments under operating leases

The company had commitments under operating leases as set out below:

	Land and buildings 2015 £	Land and buildings 2014 £
Operating leases which expire:		
Within one year	<u>4,607</u>	<u>3,539</u>

This commitment represents the amount payable under the one month notice that must be given to cancel the lease.

18 Related party disclosures

During the year ended 31 March 2015 the company were charged fees and expenses of £15,351 (2014: £12,600) for the provision of business consultancy services by IP Group Plc. At the balance sheet date the amount unpaid in respect of these costs was £Nil (2014: £Nil). IP Group Plc has an interest in the company.

During the year ended 31 March 2015 the Company incurred costs of £5,121 (2014: £27,588) with the University of Leeds and its associated companies in connection with research and development activities. At the balance sheet date the amount unpaid in respect of these costs was £Nil (2014: £14,671). The University of Leeds has an interest in the Company.

During the year ended 31 March 2015 the Company incurred costs of £3,000 (2014: £Nil) with Pannier Consulting Limited for consulting services, which is a related party by virtue of Dr John Tite being a common director. At the balance sheet date the amount unpaid in respect of these costs was £Nil (2014: £nil).

19 Post balance sheet events

In June 2015 the company received £562,000 of equity funding.

20 Reconciliation of operating loss to net cash outflow from operating activities

	2015 £	2014 £
Operating loss	(420,909)	(489,089)
Amortisation of intangible fixed assets	38,494	49,009
Depreciation of tangible fixed assets	9,440	2,237
Decrease/(increase) in debtors	18,256	(31,339)
(Decrease)/increase in creditors	(192,756)	173,457
FRS 20 charge for fair value of share option	61,000	-
	<u>(486,475)</u>	<u>(295,725)</u>

iQur Limited

Notes forming part of the financial statements for the year ended 31 March 2015 (continued)

21 Reconciliation of net cash flow to movement in net funds/(debt)

	2015 £	2014 £
Increase in cash	150,738	17,394
Cash outflow from changes in debt	-	(1,586,418)
	<u>150,738</u>	<u>(1,569,024)</u>
Movement in net funds/(debt) resulting from cash flows	150,738	(1,569,024)
Conversion of loan notes	1,279,476	-
	<u>1,430,214</u>	<u>(1,569,024)</u>
Movement in net funds/(debt)	1,430,214	(1,569,024)
Opening net debt	(967,443)	(677,895)
	<u>(967,443)</u>	<u>(677,895)</u>
Closing net funds/(debt)	<u>462,771</u>	<u>(2,246,919)</u>

22 Analysis of net funds/(debt)

	At 1 April 2014 £	Cash flow £	Other non- cash items £	At 31 March 2015 £
Cash at bank and in hand	312,033	150,738	-	462,771
Debt due after one year	(1,279,476)	-	1,279,476	-
	<u>(1,279,476)</u>	<u>150,738</u>	<u>1,279,476</u>	<u>462,771</u>
Total	<u>(967,443)</u>	<u>150,738</u>	<u>1,279,476</u>	<u>462,771</u>