

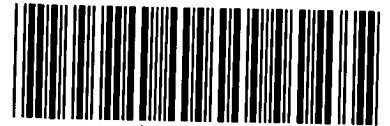
REGISTERED NUMBER: 06447651 (England and Wales)

Financial Statements for the Year Ended 31 December 2017

for

Azellon Limited

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COMPANIES HOUSE

Azellon Limited (Registered number: 06447651)

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for the year ended 31 December 2017

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Azellon Limited

Company Information
for the year ended 31 December 2017

DIRECTORS:

A J Allars
Professor A P Hollander
IP2IPO Services Limited

SECRETARY:

IP2IPO Services Limited

REGISTERED OFFICE:

The Walbrook Building
25 Walbrook
London
EC4N 8AF

REGISTERED NUMBER:

06447651 (England and Wales)

ACCOUNTANTS:

Atraxa Consulting Limited
Brooke's Mill
Armitage Bridge
Huddersfield
West Yorkshire
HD4 7NR

Azellon Limited (Registered number: 06447651)

Balance Sheet
31 December 2017

	Notes	31/12/17		31/12/16	
		£	£	£	£
FIXED ASSETS					
Intangible assets	5		-		16,449
CURRENT ASSETS					
Debtors	6	16,505		57,122	
Cash at bank		279,277		300,512	
		<u>295,782</u>		<u>357,634</u>	
CREDITORS					
Amounts falling due within one year	7	281,903		56,002	
NET CURRENT ASSETS					
			<u>13,879</u>		<u>301,632</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>13,879</u>		<u>318,081</u>
CAPITAL AND RESERVES					
Called up share capital			768		768
Share premium		2,050,358		2,050,358	
Retained earnings		(2,037,247)		(1,733,045)	
SHAREHOLDERS' FUNDS					
			<u>13,879</u>		<u>318,081</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2017.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2017 in accordance with Section 476 of the Companies Act 2006.

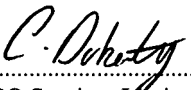
The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

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

The financial statements were approved by the Board of Directors on 22.05.18 and were signed on its behalf by:



 IP2IPO Services Limited - Director
CASSANDRA DOHERTY

The notes form part of these financial statements

Notes to the Financial Statements
for the year ended 31 December 2017

1. STATUTORY INFORMATION

Azellon 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 (£).

2. STATEMENT OF COMPLIANCE

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

3. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

The financial statements are prepared on the going concern basis which assumes that the company will have sufficient resources available to enable it to continue in operation for the foreseeable future. To date the company has been financed by the issue of equity shares, grants received and a loan from a third party.

The directors will be looking to raise further equity during the following year and are confident that the fund raise will be successful. Also, the directors have considered the expected cash requirements of the company for a period of 12 months from the date of approval of these financial statements and have an expectation that the company's current cash resources will be sufficient.

Consequently, the directors believe that it is appropriate for the financial statements to be prepared on a going concern basis.

Significant judgements and estimates

There are no material judgements made by the directors, in the application of these accounting policies that are expected to have a significant effect on the financial statements or any estimates with a significant risk of material adjustment in the next year.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred. Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment.

Intangible assets are amortised on a straight-line basis over their estimated useful lives. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Intellectual property licences - 10 years

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Notes to the Financial Statements - continued
for the year ended 31 December 2017

3. ACCOUNTING POLICIES - continued

Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Financial instruments

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the transaction price. After initial recognition, they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement. Loans that are repayable within one year continue to be measured at the transaction price.

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 tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised evenly over the period of expected future benefit. During the period of development the asset is tested for impairment annually.

Notes to the Financial Statements - continued
for the year ended 31 December 2017

3. ACCOUNTING POLICIES - continued

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 remuneration

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments granted at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions) and non-vesting conditions. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the income statement.

4. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 2 (2016 - 2).

Notes to the Financial Statements - continued
for the year ended 31 December 2017

5. INTANGIBLE FIXED ASSETS

	Other intangible assets £
COST	
At 1 January 2017 and 31 December 2017	<u>165,085</u>
AMORTISATION	
At 1 January 2017	148,636
Charge for year	<u>16,449</u>
At 31 December 2017	<u>165,085</u>
NET BOOK VALUE	
At 31 December 2017	-
At 31 December 2016	<u><u>16,449</u></u>

The amortisation charge for the year of £16,449 (2016: £16,509) has been included within administrative expenses in the income statement.

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/17	31/12/16
	£	£
Other debtors	<u>16,505</u>	<u>57,122</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/17	31/12/16
	£	£
Trade creditors	1	3
Taxation and social security	2,593	3,418
Other creditors	<u>279,309</u>	<u>52,581</u>
	<u><u>281,903</u></u>	<u><u>56,002</u></u>

Included within other creditors is £220,000 (2016: £nil) in relation to a loan received during the year from a third party. Also within other creditors is £628 (2016: £nil) of accrued interest on the loan. The loan bears interest at the rate of 3 month LIBOR plus 7.5% per annum. The loan is unsecured and is repayable in full on or before 31 December 2018.

Notes to the Financial Statements - continued
for the year ended 31 December 2017

8. SHARE-BASED PAYMENT TRANSACTIONS

Share options

The company has share option plans under which it grants options over ordinary shares to certain directors and employees of the company. Options under these plans are exercisable at the market price of the company's shares on the date of the grant. The options are settled in equity once exercised. If the options remain unexercised for a period after 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the company before the options vest.

The number and weighted average exercise prices of share options are as follows:

	EMI options	Unapproved options	Total	Weighted average exercise price per share (p)
At 1 January 2017	-	33,547	33,547	110.00
Granted during the period	8,100	-	8,100	110.00
At 31 December 2017	<u>8,100</u>	<u>33,547</u>	<u>41,647</u>	<u>110.00</u>

Options shall only vest in the event of an IPO or an exit event. All the options in issue currently have an exercise price of 110 pence per share.

Option values were calculated using a Black-Scholes pricing model with the following assumptions:

	Options granted in the year
Dividend yield	0%
Expected volatility	40%
Option maturity period	10 years
Risk free interest rate	1.50%
Weighted average market price of a share	110.0p

Any share options which are not exercised within 10 years from the date of grant will expire. The company has recognised a charge of £2,629 (2016: £655) in the income statement in respect of share-based payments. The company has taken advantage of the exemptions under FRS 102 Section 1A to not include a share-based payment charge in respect of options which had been granted prior to the date of transition.