

**REGISTERED NUMBER: 07289096 (England and Wales)**

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

FOR

EPSILON-3 BIO LIMITED

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for the Year Ended 31 December 2018

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COMPANY INFORMATION  
for the Year Ended 31 December 2018

<b>DIRECTORS:</b>	Dr D J Grainger Ms M N E Ollier Dr. N L Luncborg Ip2ipo Services Limited
<b>SECRETARY:</b>	The Cambridge Partnership Limited
<b>REGISTERED OFFICE:</b>	Moneta Building Babraham Research Campus Babraham Cambridge Cambridgeshire CB22 3AT
<b>REGISTERED NUMBER:</b>	07289096 (England and Wales)
<b>AUDITORS:</b>	HBB Audit Limited Statutory Auditors Bridge House 25 Fiddlebridge Lane Hatfield Hertfordshire AL10 0SP

BALANCE SHEET  
31 December 2018

		31.12.18		31.12.17 as restated (Unaudited)	
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Intangible assets	4		24,000		25,500
Tangible assets	5		<u>45</u>		<u>438</u>
			24,045		25,938
<b>CURRENT ASSETS</b>					
Debtors	6	657,680		771,784	
Cash at bank		<u>395,089</u>		<u>326,010</u>	
		1,052,769		1,097,794	
<b>CREDITORS</b>					
Amounts falling due within one year	7	<u>56,479</u>		<u>119,762</u>	
<b>NET CURRENT ASSETS</b>			<u>996,290</u>		<u>978,032</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,020,335		1,003,970
<b>CREDITORS</b>					
Amounts falling due after more than one year (including convertible debt)	8		<u>3,694,006</u>		<u>2,463,450</u>
<b>NET LIABILITIES</b>			<u>(2,673,671)</u>		<u>(1,459,480)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital			40,638		40,638
Share premium			3,213,031		3,213,031
Other reserves			382,970		312,691
Retained earnings			<u>(6,310,310)</u>		<u>(5,025,840)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(2,673,671)</u>		<u>(1,459,480)</u>

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 Board of Directors on 30 September 2019 and were signed on its behalf by:

Dr D J Grainger - Director

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 2018

1. **STATUTORY INFORMATION**

Epsilon-3 Bio 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.

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.

**Accounting judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that can affect the amounts reported for assets and liabilities and the results for the year.

The nature of estimation is such that the actual outcomes could differ significantly from those estimates.

The following judgements have had the most significant impact on amounts recognised in the financial statements:

**Convertible debt**

The company has issued convertible loan notes. The loan has been allocated between equity and debt elements using the net present value of the future cash flows. The discount rate used reflects the directors estimate of the market rate payable on a similar instrument that was not convertible. The rate selected by the directors is considered to be reasonable given the inherent risk of a research and development company and the amount of loan notes issued.

**Patents**

Amortisation is provided at varying rates on cost in order to write off each asset over its estimated useful life.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33% on cost

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2018

2. **ACCOUNTING POLICIES - continued**

**Financial instruments**

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

However, if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an outright short term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

Basic financial liabilities, which include other creditors, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest rate method as they are deemed to not be a financing transaction.

**Taxation**

Taxation for the year 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 balance sheet date.

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet 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 year 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.

**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.

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2018

2. **ACCOUNTING POLICIES - continued**

**Going concern**

The company is engaged in research and development activities and is reliant upon funding from its investors to meet its operational and working capital needs.

The company's forecasts and projections taking account of expected expenditure and future investment, show that the company should be able to continue these activities within the level of its available facilities for the foreseeable future.

Therefore these accounts have been prepared on a going concern basis.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was NIL (2017 - 1 ).

4. **INTANGIBLE FIXED ASSETS**

	Patents and licences £
<b>COST</b>	
At 1 January 2018 and 31 December 2018	<u>44,831</u>
<b>AMORTISATION</b>	
At 1 January 2018	19,331
Amortisation for year	<u>1,500</u>
At 31 December 2018	<u>20,831</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>24,000</u>
At 31 December 2017	<u>25,500</u>

5. **TANGIBLE FIXED ASSETS**

	Computer equipment £
<b>COST</b>	
At 1 January 2018 and 31 December 2018	<u>3,668</u>
<b>DEPRECIATION</b>	
At 1 January 2018	3,230
Charge for year	<u>393</u>
At 31 December 2018	<u>3,623</u>
<b>NET BOOK VALUE</b>	
At 31 December 2018	<u>45</u>
At 31 December 2017	<u>438</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2018

6.	<b>DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	31.12.18	31.12.17 as restated (Unaudited)
		£	£
	Other debtors	<u>657,680</u>	<u>771,784</u>
7.	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	31.12.18	31.12.17 as restated (Unaudited)
		£	£
	Trade creditors	46,579	65,363
	Other creditors	<u>9,900</u>	<u>54,399</u>
		<u>56,479</u>	<u>119,762</u>
8.	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	31.12.18	31.12.17 as restated (Unaudited)
		£	£
	Other creditors	<u>3,694,006</u>	<u>2,463,450</u>

The total of other creditors relates to convertible loan notes stated at their present value of future cash flows discounted at a market rate of interest that would be payable on a similar debt instrument that was not convertible

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

The Report of the Auditors was unqualified.

P A R Skipper (Senior Statutory Auditor)  
for and on behalf of HBB Audit Limited

10. **POST BALANCE SHEET EVENTS**

The convertible loan notes have been renewed following the year end on the similar terms.



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.