

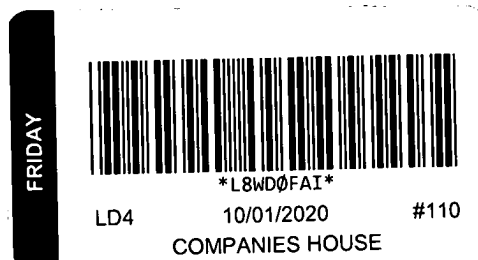
iQur Limited

Directors' Report and Unaudited Financial Statements

Year Ended

31 March 2019

Company Number 04665665



iQur Limited

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Company Information

Directors	Prof W. M. C. Rosenberg Dr C. B. Campbell
Company secretary	Prof. W. M. C. Rosenberg
Registered number	04665665
Registered office	The London Bioscience Innovation Centre 2 Royal College Street London NW1 0NH
Accountants	BDO LLP Arcadia House Maritime Walk Ocean Village Southampton SO14 3TL

iQur Limited

Directors' Report For the Year Ended 31 March 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors

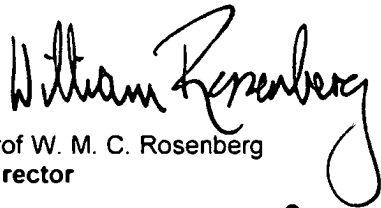
The directors who served during the year were:

Prof W. M. C. Rosenberg
Dr C. B. Campbell
B. Reynolds (resigned 6 October 2019)
Dr J. Tite (resigned 6 October 2019)
Mr M. R. Underwood (resigned 6 October 2019)

Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



Prof W. M. C. Rosenberg
Director

Date: 18 DEC 2019

iQur Limited

Chartered Accountants' Report to the Board of Directors on the Unaudited Financial Statements of iQur Limited

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of iQur Limited for the year ended 31 March 2019 which comprise the Statement of Comprehensive Income, the Balance Sheet, and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <http://www.icaew.com/en/members/regulations-standards-and-guidance/>

It is your duty to ensure that iQur Limited has kept adequate accounting records and to prepare statutory accounts that give a true and fair view of the assets, liabilities, financial position and loss of iQur Limited. You consider that iQur Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of iQur Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory accounts.

Use of our report

This report is made solely to the board of directors of iQur Limited, as a body, in accordance with the terms of our engagement letter dated 26 November 2018. Our work has been undertaken solely to prepare for your approval the accounts of iQur Limited and state those matters that we have agreed to state to the board of directors of iQur Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than iQur Limited and its board of directors as a body for our work or for this report.

BDO LLP

BDO LLP
Chartered Accountants
Southampton
United Kingdom

Date: 6/1/2020

iQur Limited

Statement of Comprehensive Income For the Year Ended 31 March 2019

	Note	2019 £	2018 £
Turnover		135,329	180,302
Cost of sales		(38,567)	(65,883)
Gross profit		96,762	114,419
Administrative expenses		(290,376)	(263,338)
Other operating income	2	12,652	21,837
Operating loss	3	(180,962)	(127,082)
Interest receivable and similar income		-	3
Loss before tax		(180,962)	(127,079)
Tax on loss	5	32,868	29,789
Loss for the financial year		(148,094)	(97,290)

There was no other comprehensive income for 2019 (2018 - £Nil).

The notes on pages 5 to 14 form part of these financial statements.

iQur Limited
Registered number:04665665

Balance Sheet
As at 31 March 2019

	Note	2019 £	2019 £	2018 £	2018 £
Fixed assets					
Intangible assets	6		146,401		145,492
Tangible assets	7		13,252		29,436
			159,653		174,928
Current assets					
Debtors	8	130,258		168,971	
Cash at bank and in hand		38,310		162,343	
		168,568		331,314	
Creditors: amounts falling due within one year	9	(82,151)		(112,080)	
Net current assets			86,417		219,234
Net assets			246,070		394,162
Capital and reserves					
Called up share capital	10		21,694		21,694
Share premium account	12		10,544,685		10,544,685
Profit and loss account	12		(10,320,309)		(10,172,217)
			246,070		394,162

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Prof W. M. C. Rosenberg
Director

Date: 18 DEC 2019

The notes on pages 5 to 14 form part of these financial statements.

iQur Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. Accounting policies

1.1 Basis of preparation of financial statements

iQur Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is given on the contents page.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

1.2 Going concern

The accounts have been prepared on a going concern basis. The company's cash position as at 31 March 2019 was £38,310 (2018 - £162,343). The directors have prepared cash flow forecasts which indicate that the company will require additional funding by the 2nd quarter of 2020 in order to meet its commitments as they fall due if it is to advance the development of its vaccines.

The directors intend to raise additional funding in the 1st quarter of 2020 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 associated with its therapeutic operations. However the directors have also drawn up contingency plans to reduce costs as required should this scenario come to pass.

Although there is some inherent uncertainty over the availability of further funding, the directors believe that the company's previous success in raising similar funding and the company's alternative plan to limit therapeutic operations and concentrate on diagnostic services 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.

1.3 Turnover

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

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

1.4 Intangible assets

Intangible assets comprise of trademarks, acquired patents and know-how directly relating to current research projects. These are recorded at cost on the date of purchase. The purchase of intangible 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 assets are amortised in equal installments over their anticipated economic working life of seven years, subject to reviews for impairment.

iQur Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. Accounting policies (continued)

1.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery	- Between three and five years
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

1.6 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, loans to related parties and investments in non-puttable ordinary shares.

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.

1.7 Grant income

Grants are accounted under the accruals model as permitted by FRS 102.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

iQur Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. Accounting policies (continued)

1.8 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the Statement of Comprehensive Income 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. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the company keeping the scheme open or the employee maintaining any contributions required by the scheme).

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

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

1.9 Leased assets

Annual rental costs of operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

1.10 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

iQur Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

1. Accounting policies (continued)

1.11 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

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 it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.12 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured.

If it is not possible to distinguish between the research phase and the development phase of an internal project. The expenditure is treated as if it were all incurred in the research phase only.

2. Other operating income

	2019 £	2018 £
Grant income	<u>12,652</u>	<u>21,837</u>

iQur Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

3. Operating loss

The operating loss is stated after charging:

	2019	2018
	£	£
Research & development charged as an expense	95,942	92,222
Depreciation of tangible fixed assets	16,184	18,766
Amortisation of intangible assets, including goodwill	47,899	39,838
Fees payable to the company's auditor for the audit of the company's annual financial statements	-	7,750
Operating lease expense	4,424	8,243
Defined contribution pension cost	3,533	2,163
	=====	=====

4. Employees

The average monthly number of employees, including directors, during the year was 3 (2018 - 4).

iQur Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

5. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on loss for the year	(31,997)	(30,756)
Adjustments in respect of previous periods	(871)	967
Total current tax	<u>(32,868)</u>	<u>(29,789)</u>

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Loss on ordinary activities before tax	<u>(180,962)</u>	<u>(127,079)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 19%)	(34,383)	(24,126)
Effects of:		
Adjustments to tax charge in respect of prior periods	(871)	967
R&D enhancement relief	(23,698)	(22,779)
Losses surrendered for R&D tax credit	9,930	9,545
Change in deferred tax rate	1,701	689
Deferred tax not recognised	14,453	5,915
Total tax charge for the year	<u>(32,868)</u>	<u>(29,789)</u>

Factors that may affect future tax charges

There are tax losses available for carry forward against future trading profits of approximately £6,382,000 (2018 - £6,316,000). A deferred tax asset in respect of these losses of approximately £1,085,000 (2018 - £1,074,000) and in respect of other timing differences of £287,000 (2018 - £287,000) has not been recognised in the accounts as the full utilisation of these losses in the foreseeable future is uncertain.

iQur Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

6. Intangible assets

	Patents and intellectual property £
Cost	
At 1 April 2018	554,360
Additions	48,808
At 31 March 2019	<u>603,168</u>
Amortisation	
At 1 April 2018	408,868
Provided for the year	47,899
At 31 March 2019	<u>456,767</u>
Net book value	
At 31 March 2019	<u>146,401</u>
At 31 March 2018	<u>145,492</u>

iQur Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

7. Tangible fixed assets

	Plant and machinery £
Cost or valuation	
At 1 April 2018 and 31 March 2019	190,022
Depreciation	
At 1 April 2018	160,586
Provided for the year	16,184
At 31 March 2019	176,770
Net book value	
At 31 March 2019	13,252
At 31 March 2018	29,436

8. Debtors

	2019 £	2018 £
Due within one year		
Trade debtors	40,266	53,722
Other debtors	17,708	19,621
Prepayments and accrued income	8,662	37,935
R&D expenditure credit receivable	63,622	57,693
	130,258	168,971

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	29,561	39,167
Other taxation and social security	4,445	3,962
Accruals and deferred income	48,145	68,951
	82,151	112,080

iQur Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

10. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
2,169,447 (2018 - 2,169,447) Ordinary shares of £0.01 each	21,694	21,694

11. Share based payments

The options granted by the company are within the scope of FRS 102. All of these options are capable of being exercised once vested. All options must be exercised at the latest within 10 years of the date of the grant.

	Weighted average exercise price (pence) 2019	Number 2019	Weighted average exercise price (pence) 2018	Number 2018
Outstanding at the beginning of the year	180	257,644	722	291,374
Lapsed during the year	-	-	4,827	(33,730)
Outstanding at the end of the year	180	257,644	180	257,644

The exercise price of the options outstanding at the end of the year ranged between £1 and £92 (2018 - £1 and £92) and their weighted average contractual life was 3.0 years (2018 - 4.0 years).

There was no share-based payment charge in the year (2018 - £Nil).

12. Reserves

Share premium account

Share premium represents the amount above the nominal value received for shares issued, less transaction costs.

Profit and loss account

The profit and loss account represents accumulated comprehensive income for the year and prior periods less any dividends paid.

iQur Limited

Notes to the Financial Statements For the Year Ended 31 March 2019

13. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge amounted to £3,533 (2018 - £2,163). There were outstanding contributions totalling £473 (2018 - £408) at the end of the financial year.

14. Commitments under operating leases

At 31 March 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	<u>365</u>	<u>365</u>

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

15. Related party transactions

During the year the company made sales of £8,586 (2018 - £9,399) to related parties and purchases of £Nil (2018 - £24,136) from related companies. At the year end the company was owed £540 (2018 - £270) by these related parties and owed £Nil (2018 - £22,687) to these related companies.

These companies are related through common interest by the directors.

Key management personnel are considered to be the directors. The total compensation paid to key management personnel for services provided to the company was £Nil (2018 - £Nil).

During the year the directors continued to waive their salaries. Subject to a future successful investment round the amount waived will be settled by the issue of shares in the company. Given the contingent nature of the arrangement no amounts have been recognised in the financial statements.

16. Controlling party

The directors consider that no one party controls the company.