Company Registration No. 08337863 (England and Wales)

AB BIOTECHNOLOGY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

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AB BIOTECHNOLOGY LIMITED

COMPANY INFORMATION

Directors	S Scotto	(Appointed 14 February 2017)
	G Sherriff	(Appointed 14 February 2017)
	I Pavlovskyi	(Appointed 14 February 2017)
Company number	08337863	
Registered office	Egmont House 8 Clifford Street London W1S 2LQ	
Auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD	
Business address	Pentlands Science Park Bush Loan Penicuik Midlothian EH26 0PZ	

AB BIOTECHNOLOGY LIMITED

CONTENTS

	Page
Balance sheet	1
Notes to the financial statements	2 - 10

AB BIOTECHNOLOGY LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2017

	Notes	2017 £	2017 £	2016 £	2016 £
Fixed assets					
Tangible assets	6		549,591		390,101
Current assets					
Debtors	7	1,485,379		1,484,559	
Cash at bank and in hand		1,067,758		367,868	
		2,553,137		1,852,427	
Creditors: amounts falling due within one year	8	(1,477,329)		(1,396,842)	
Net current assets			1,075,808		455,585
Total assets less current liabilities			1,625,399		845,686
Provisions for liabilities	10		(55,479)		-
Net assets			1,569,920		845,686
Capital and reserves					
Called up share capital	10		1		1
Share premium account			199,999		199,999
Profit and loss reserves			1,369,920		645,686
Total equity			1,569,920		845,686

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered 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 .... and are signed on its behalf by:

20 APRIL 2018.

....
G Sherriff
Director

Company Registration No. 08337863

1 Accounting policies

Company information
AB Biotechnology Limited is a private company limited by shares incorporated in England and Wales. The registered office is Egmont House, 8 Clifford Street, London, W1S 2LQ. Its company registration number is 08337863.

The principal activity of the company is that of pharmaceutical and biotechnology development and manufacturing services.

1.1 Accounting convention
These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern
The parent company has indicated its willingness to continue its financial support to the company in writing and will not seek repayment of amounts due to them in preference to other creditors. The company is also dependent on contracts from its related entities. Forecasts indicate the company should remain cash positive throughout the period and therefore the company has the ability to meet its liabilities as they fall due. For these reasons, the directors are satisfied that it remains appropriate to prepare the company's financial statements on a going concern basis.

1.3 Turnover
Turnover represents amounts receivable for pharmaceutical and bio-technological services net of VAT. The company use the stage of completion of the contract to recognise income. Revenue is recognised when all of the following conditions are met:

- Revenue can be measured reliably.
- It is probably that economic benefits will flow to the entity.
- The stage of completion at the end of the period can be measured reliably.
- Costs incurred to complete can be measured reliably.

1.4 Tangible fixed assets
Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Facility upgrade	- Straight-line over 10 years
Plant and machinery	- Straight-line over 10 years
Computer equipment	- Straight-line over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1 Accounting policies **(Continued)**

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less.

1.7 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

1 Accounting policies **(Continued)**

Basic financial liabilities

Basic financial liabilities, including creditors, and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date. Research and development tax credits are recognised on a systematic basis as the entity recognises the costs for which the research and development tax credits are intended to incentivise, and only to the extent that the directors are satisfied, based on previous claims, that amounts will be recoverable.

Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1 Accounting policies **(Continued)**

1.12 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the profit and loss account so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.13 Foreign exchange

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.14 Research and development

Expenditure on research and development is charged to the income statement in the year in which it is incurred with the exception of expenditure incurred in the respect of the development of major new products where the outcome of those projects is assessed as being reasonably certain as regards viability and technical feasibility. Such expenditure is capitalised and amortised straight line over the estimated period of sale for each product, commencing in the year that sales of the product are first made. The company's projects are still in experimental development and the directors cannot yet be reasonably certain regarding viability and technical feasibility. Accordingly they have determined that all research and development costs incurred during the period should continue to be charged to the income statement.

2 Judgements and key sources of estimation uncertainty

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Revenue recognition

Where revenue is recognised in relation to a contract that spans the period end management use professional judgement to make an assessment of the milestones that have been met and ascertaining the revenue to be recognised.

3 Exceptional costs

During the financial year the company incurred costs of £719,168 in relation to a contract acquired following a business acquisition in 2013. These costs resulted in an increase in the direct costs of £719,168. In the view directors this refund is considered to be an exceptional, one off expense to the Company.

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was 26 (2016 - 25).

5 Directors' remuneration

	2017	2016
	£	£
Remuneration paid to directors	279,849	-

During the year the company made Employers National Insurance contributions of £36,770 on behalf of the director.

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016 - 0).

6 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 January 2017	206,841	402,315	609,156
Additions	29,530	227,395	256,925
Disposals	-	(70,104)	(70,104)
At 31 December 2017	236,371	559,606	795,977
Depreciation and impairment			
At 1 January 2017	66,594	152,461	219,055
Depreciation charged in the year	23,637	38,104	61,741
Eliminated in respect of disposals	-	(34,410)	(34,410)
At 31 December 2017	90,231	156,155	246,386
Carrying amount			
At 31 December 2017	146,140	403,451	549,591
At 31 December 2016	140,247	249,854	390,101

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

	2017	2016
	£	£
Plant and machinery	25,185	30,059
	25,185	30,059
Depreciation charge for the year in respect of leased assets	4,874	4,874

7 Debtors

Amounts falling due within one year:	2017 £	2016 £
Corporation tax recoverable	49,071	-
Amounts due from group undertakings	512,986	906,665
Accrued income	713,837	380,943
Other debtors	207,707	196,951
	1,483,601	1,484,559
Deferred tax asset	1,778	-
	1,485,379	1,484,559

8 Creditors: amounts falling due within one year

	2017 £	2016 £
Obligations under finance leases	-	5,734
Trade creditors	141,049	119,423
Amounts due to group undertakings	660,843	646,000
Other taxation and social security	45,494	25,461
Other creditors	15,451	-
Accruals and deferred income	614,492	600,224
	1,477,329	1,396,842

9 Deferred taxation

The following is the analysis of the deferred tax balances for financial reporting purposes:

Balances:	Liabilities 2017 £	Liabilities 2016 £	Assets 2017 £	Assets 2016 £
Accelerated capital allowances	55,479	-	-	-
Tax losses	-	-	1,778	-
	55,479	-	1,778	-

Movements in the year:	2017 £
Liability at 1 January 2017	-
Charge to profit or loss	53,701
Liability at 31 December 2017	53,701

9 Deferred taxation **(Continued)**

10 Called up share capital

	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
1 Ordinary share of £1 each	1	1

11 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2017	2016
	£	£
Within one year	119,423	159,230
Between two and five years	-	119,423
	119,423	278,653

12 Financial commitments, guarantees and contingent liabilities

The company has entered into long term contracts with customers for delivery of pharmaceutical and biotechnology development and manufacturing services. Should the business be unable to complete these contracts the business will be liable for funds already advanced on incomplete milestones. The business has reviewed the likelihood of such an event and considers any potential liability to meet the definition of a contingent liability.

13 Related party transactions

Remuneration of key management personnel

	2017	2016
	£	£
Aggregate compensation	578,670	359,070

13 Related party transactions **(Continued)**

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Sale of goods	
	2017	2016
	£	£
Entities under common control	5,017,875	3,087,651

13 Related party transactions **(Continued)**

Amounts owed to related parties	**2017** £	**2016** £
Parent company	660,843	646,000
	660,843	646,000

The following amounts were outstanding at the reporting end date:

Amounts owed by related parties	**2017 Balance** £
Entities under common control	512,986

Amounts owed in previous period	£
Entities under common control	906,665

No guarantees have been given or received.

14 Controlling party

The company's immediate parent undertaking and ultimate controlling party is Mapix S.A.R.L by virtue of its majority shareholding. Its address is 32-36 Boulevard d'Avranches, L-1160, Luxembourg.

15 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.
The auditor was BDO LLP.