



## **Metrion Biosciences is a specialist ion channel contract research business.**

We are leaders in the provision of high quality ion channel drug discovery and safety assessment services to the world-wide pharmaceutical and life sciences industry.

Founded in September 2015, the Company has established an international reputation for the accuracy and technical competence of its ion channel research and development services and the clarity of its interpretation and reporting.

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### **COMPANY INFORMATION**

#### **DIRECTORS**

J W Ford  
K G McCullagh  
M Rogers  
A P Southan  
B A Kenny

#### **COMPANY SECRETARY**

C Ruddy

#### **REGISTERED NUMBER**

09669815

#### **REGISTERED OFFICE**

Suite 1  
3 Riverside  
Granta Park  
Abington  
Cambridge  
CB21 6AD

#### **INDEPENDENT AUDITORS**

Peters Elworthy & Moore  
Chartered Accountants &  
Statutory Auditors  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA

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METRION BIOSCIENCES LTD  
**ANNUAL REPORT & ACCOUNTS 2019**  
**CONTENTS**

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	Page
<b>Business Review</b>	<b>4 - 7</b>
<b>Directors' Report</b>	<b>8 - 9</b>
<b>Independent Auditors' Report</b>	<b>10 - 12</b>
<b>Profit and Loss Account</b>	<b>13</b>
<b>Balance Sheet</b>	<b>14</b>
<b>Statement of Changes in Equity</b>	<b>15</b>
<b>Notes to the Financial Statements</b>	<b>16 - 24</b>

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# METRION BIOSCIENCES LTD

## BUSINESS REVIEW

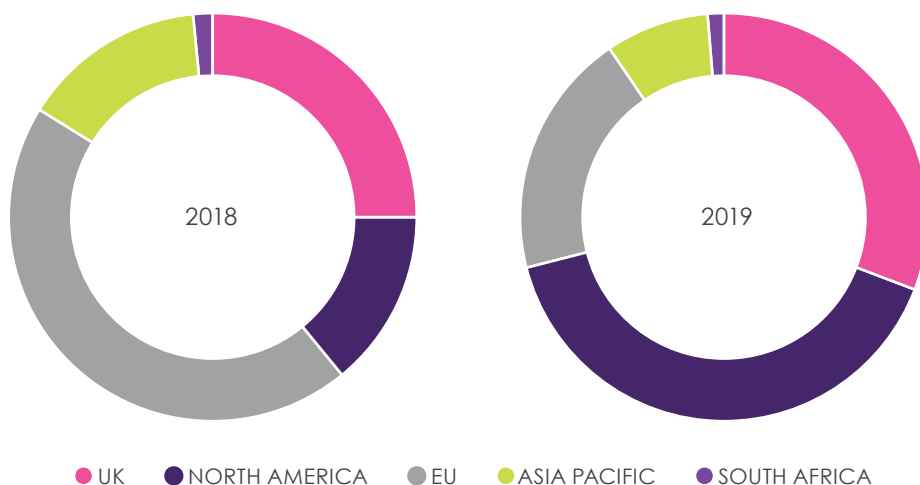
### INTRODUCTION

Metrion Biosciences is a specialist ion channel contract research business. We are leaders in the provision of high quality ion channel drug discovery and safety assessment services to the world-wide pharmaceutical and life sciences industry. Founded in September 2015, the Company has established an international reputation for the accuracy and technical competence of its ion channel research and development services and the clarity of its interpretation and reporting.

### REVENUES

Metrion Biosciences' growing reputation is reflected in the rapid growth of revenues, which in 2019 increased by 67% over 2018 to a full year total of £2.53m. At the same time, the Company has significantly expanded the geographic diversity of its customers and is today regularly undertaking work for clients in the UK, Europe, the USA and Japan. Growth in USA customers was particularly strong in 2019 and is expected to continue in 2020.

METRION BIOSCIENCES FEE FOR SERVICE REVENUE BY TERRITORY IN 2018 AND 2019



Our business continues to have three major revenue streams: (i) short term projects invoiced on a fee for service basis ("FFS business"), (ii) longer term projects involving contracted funding of Metrion staff ("FTE contracts") and (iii) income derived from external research grants. All three components showed progress in 2019. FFS revenues grew by 65% to £1.22m, new contracts resulted in FTE revenue increasing by 68% to £966k and grant support of our proprietary research also increased by 68% to £343k.

### REVENUES

**+67%**  
TO £2.53M

### FFS REVENUES

**+65%**  
TO £1.22M

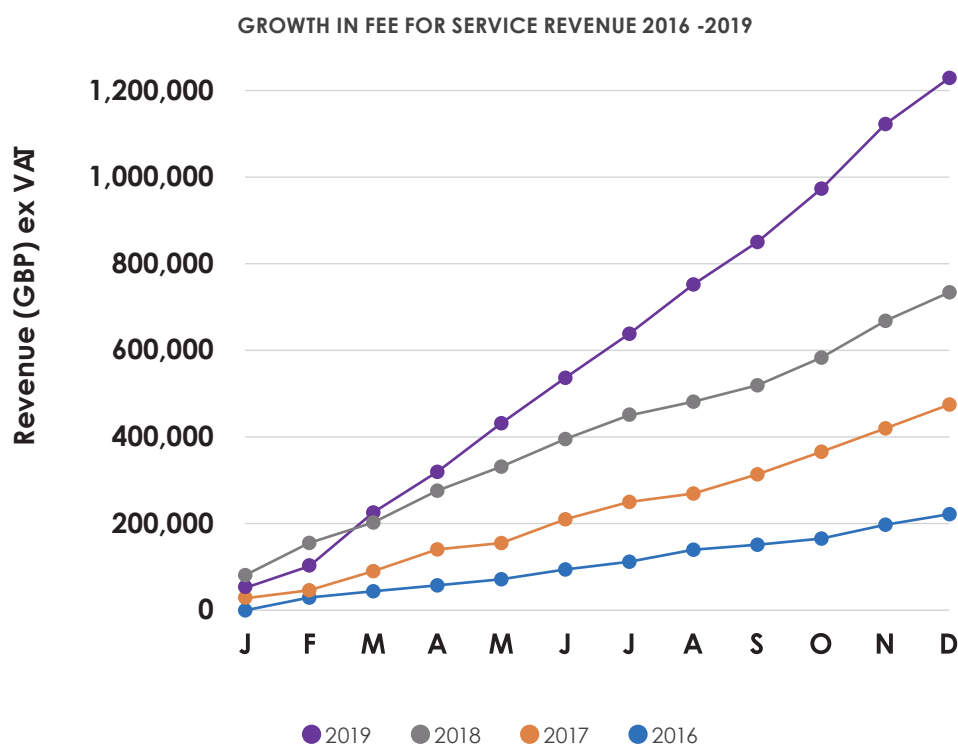
### FTE REVENUES

**+68%**  
TO £966K

### RESEARCH

**+68%**  
TO £343K

METRION BIOSCIENCES LTD  
**BUSINESS REVIEW**



FFS REVENUES  
**+65%**  
 TO £1.22M

**PROFITABILITY**

A major management objective for 2019 was achievement of sustainable operating profit. I am pleased to report that after a challenging year in 2018, this target was met in 2019. Earnings before interest, taxation, depreciation, amortisation and foreign exchange (EBITDA) for the 2019 financial year were £134k, operating profits after charging depreciation and interest were £34k and profit after tax was £21k.

**MANAGEMENT**

I am delighted to report that Dr Andrew Southan was appointed as the Company's Chief Executive Officer in April of 2019. Previously Chief Operating Officer, Andy has brought management leadership and clear commercial focus to the organisation. From September to December 2019, he was also a participant in the Goldman Sachs 10,000 Small Business Management Development programme. One of the outputs from this work has been an ambitious Metrion Business Growth Plan, in which we have mapped out the Company's further development over the period 2020-2022. The Plan objectives seek to continue the path of rapid international growth begun in 2019.

## METRION BIOSCIENCES LTD

### BUSINESS REVIEW

#### NEW INVESTMENT

In March 2019, the Company closed an additional investment round of £298,092, of which £103,204 was in respect of shares issued in 2018 and £194,888 for shares issued in 2019. Approximately half of the round was contributed by o2h Ventures Therapeutics Fund and half came from existing investors. The o2h Therapeutics Fund is a recently established UK EIS fund investing in early stage biotech therapeutics and related AI opportunities in the UK, focussed particularly on emerging companies in the Cambridge biotech cluster. We are delighted to welcome o2h as a new investor in Metrion Biosciences.

#### INTERNAL DRUG DISCOVERY RESEARCH

In addition to the Company's commercial business, we continued to commit funds in 2019 to advance internal pharmaceutical research into novel potassium ion channel inhibitors for the treatment of auto-immune disorders. The project is based on unique intellectual property derived from a prior collaboration with Japan Tobacco. In 2018 we filed new Metrion patent applications to protect the lead series of novel, highly potent, orally-active compounds. In 2019, we characterised the most active compounds and demonstrated striking efficacy in animal models of rheumatoid arthritis.

The initial compounds tested will require further optimization before being suitable to enter development as potential human medicines. The funding required for such drug discovery lead optimisation work is substantial and we are therefore in discussion with a variety of venture capital investors about "spinning out" this drug discovery project into a separate company, funded by external investment. If successful, Metrion shareholders will have an ongoing equity interest in the "spin out" vehicle but without the responsibility for further funding. However, no transaction is imminent and there is no guarantee that such an outcome will be achieved in 2020.

#### COVID-19

After the end of the year, the coronavirus pandemic rapidly escalated in the UK and many other countries around the world. In March, Metrion Biosciences introduced stringent health and safety guidelines for its employees and was able to maintain operations through to the end of March 2020. However, in the interests of the safety and wellbeing of our staff and in support of the UK government's efforts to contain the further spread of the viral pandemic, the directors took the decision to close Metrion's laboratories and offices temporarily for at least a month from Wednesday 1st April 2020.

#### INVESTMENT ROUND

+£298K

APPROXIMATELY  
HALF FROM THE O2H  
VENTURES THERAPEUTICS  
FUND

## METRION BIOSCIENCES LTD BUSINESS REVIEW

By enabling all staff to remain isolated at home, we believe the closure helped to reduce the spread of infection during the critical weeks of the pandemic in the UK. During the closure, the Company took the opportunity to re-structure its laboratories, workflows and procedures to provide a safe, socially- distanced environment for staff to operate. As the epidemic passed its peak in April and started to decline, we were able to re-open the laboratories for client work from 4th May 2020. Both fee for service and contracted FTE projects have re-commenced and, at the date of this report, client services are back to near full capacity.

Along with many other companies in our sector and elsewhere, Metrion Biosciences' revenues were significantly impacted in April and May 2020, as a result of the effect of the pandemic and the necessary responses to it taken by us and many of our customers. The Company has reduced or deferred costs as far as is reasonable to offset the loss of profits in this period and has been able to preserve cash without recourse to additional banking facilities. We have been encouraged by the rapid return of previous customers and believe the Company will be able to maintain profitability in 2020 and be well placed to return to growth in 2021.

### CONCLUSION

On behalf of the Board of Directors, I would like to thank all our staff, both senior and junior, and the consultants and associates who have worked with us throughout the year. It is their commitment, enthusiasm and attention to detail that enabled us to achieve the strong and successful results we report here. We also thank our world-wide customers and partners who have placed their business and scientific confidence in Metrion Biosciences' capabilities, often for the first time this past year. With the rapid re-opening of our laboratories following the necessary shutdown in April we look forward once again to providing all our customers, existing and new, with outstanding technical expertise and quality of service in the ion channel field.



**Keith McCullagh** Chairman  
25th June 2020



## METRION BIOSCIENCES LTD

### DIRECTORS' REPORT

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

#### DIRECTORS

The directors who served during the year were:

J W Ford

K G McCullagh

M Rogers

N A J Tait (resigned 31 March 2019)

A P Southan

B A Kenny

#### DIRECTORS' RESPONSIBILITIES STATEMENT

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

#### DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.



METRION BIOSCIENCES LTD  
**DIRECTORS' REPORT (CONTINUED)**

**AUDITORS**

The auditors, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**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.



**K G McCullagh**

Director

25th June 2020

## METRION BIOSCIENCES LTD

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METRION BIOSCIENCES LIMITED

### OPINION

We have audited the financial statements of Metrion Biosciences Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its profit 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.

### BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METRION BIOSCIENCES LIMITED (CONTINUED)**

### **OTHER INFORMATION**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

### **MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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 in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

METRION BIOSCIENCES LTD  
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
METRION BIOSCIENCES LIMITED (CONTINUED)**

**RESPONSIBILITIES OF DIRECTORS**

As explained more fully in the Directors' Responsibilities Statement on page 8, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

**AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditors' Report.

**USE OF OUR REPORT**

This report is made solely to the Company's members 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 Auditors' 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 for our audit work, for this report, or for the opinions we have formed.



**James Burrett** (Senior Statutory Auditor)

for and on behalf of  
**Peters Elworthy & Moore**  
Chartered Accountants  
Statutory Auditors  
Salisbury House  
Station Road  
Cambridge  
CB1 2LA

1st July 2020

METRION BIOSCIENCES LTD  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	3	<b>2,526,844</b>	1,516,282
Cost of sales		<b>(1,172,364)</b>	(807,535)
<b>GROSS PROFIT</b>		<b>1,354,480</b>	708,747
Administrative expenses		<b>(1,370,707)</b>	(1,548,812)
Other operating income	4	<b>68,968</b>	72,143
<b>OPERATING PROFIT/(LOSS)</b>	5	<b>52,741</b>	(767,922)
Interest receivable and similar income		-	304
Interest payable and expenses		<b>(18,780)</b>	(10,023)
<b>PROFIT/(LOSS) BEFORE TAX</b>		<b>33,961</b>	(777,641)
Tax on profit/(loss)	8	<b>(13,104)</b>	71,331
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>20,857</b>	(706,310)

There were no recognised gains and losses for 2019 or 2018 other than those included in the profit and loss account.

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

The notes on pages 16 to 24 form part of these financial statements.

METRION BIOSCIENCES LTD  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £	2018 £
<b>FIXED ASSETS</b>			
Intangible assets	9	62,512	68,195
Tangible assets	10	48,021	102,095
Investments	11	1	1
		<b>110,534</b>	170,291
<b>CURRENT ASSETS</b>			
Stocks		53,627	31,188
Debtors: amounts falling due within one year	12	653,082	527,904
Bank and cash balances		260,288	168,463
		<b>966,997</b>	727,555
Creditors: amounts falling due within one year	13	(612,235)	(638,886)
<b>NET CURRENT ASSETS</b>		<b>354,762</b>	88,669
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>465,296</b>	258,960
Creditors: amounts falling due after more than one year	14	(100,000)	(109,409)
<b>NET ASSETS</b>		<b>365,296</b>	149,551
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	4,610	4,085
Share premium account		1,110,243	915,880
Profit and loss account		(749,557)	(770,414)
		<b>365,296</b>	149,551

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:



**K G McCullagh**

Director

25th June 2020

The notes on pages 16 to 24 form part of these financial statements.

METRION BIOSCIENCES LTD  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2019	<b>4,085</b>	<b>915,880</b>	<b>(770,414)</b>	<b>149,551</b>
Profit for the year	-	-	<b>20,857</b>	<b>20,857</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	<b>20,857</b>	<b>20,857</b>
Shares issued during the year	<b>525</b>	<b>194,363</b>	-	<b>194,888</b>
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>525</b>	<b>194,363</b>	-	<b>194,888</b>
<b>AT 31 DECEMBER 2019</b>	<b>4,610</b>	<b>1,110,243</b>	<b>(749,557)</b>	<b>365,296</b>

The notes on pages 16 to 24 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2018	<b>2,912</b>	<b>391,458</b>	<b>(64,104)</b>	<b>330,266</b>
Loss for the year	-	-	<b>(706,310)</b>	<b>(706,310)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	-	-	<b>(706,310)</b>	<b>(706,310)</b>
Shares issued during the year	<b>1,173</b>	<b>524,422</b>	-	<b>525,595</b>
<b>TOTAL TRANSACTIONS WITH OWNERS</b>	<b>1,173</b>	<b>524,422</b>	-	<b>525,595</b>
<b>AT 31 DECEMBER 2018</b>	<b>4,085</b>	<b>915,880</b>	<b>(770,414)</b>	<b>149,551</b>

The notes on pages 16 to 24 form part of these financial statements.



METRION BIOSCIENCES LTD  
**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**1. GENERAL INFORMATION**

The Company is a private company limited by shares and incorporated in England & Wales. The address of the registered office is Suite 1, 3 Riverside Granta Park, Abington, Cambridge, CB21 6AD.

**2. ACCOUNTING POLICIES**

**2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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:

**2.2 GOING CONCERN**

The Company made a profit of £20,857 in the year, compared to a loss of £706,310 in the prior year.

The Directors continue to monitor profitability and have adopted a budget for 2020 that delivers another positive net profit after tax.

Having considered the basis of the 2019 financial statements, the Directors are satisfied that the positive result in 2019, expected business growth and the budgeted positive result in 2020 will enable the Company to meet its liabilities as they fall due.

**2.3 TURNOVER**

Turnover comprises revenue recognised by the Company in respect of contract research services supplied during the period and grant income, exclusive of Value Added Tax.

Grants of revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

**2.4 INTANGIBLE ASSETS**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Cell lines	-	5	years
Patents	-	10	years

METRION BIOSCIENCES LTD  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.5 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:

Short-term leasehold property	- Over the period of the lease
Plant and machinery	- 33% straight line
Office equipment	- 33% straight line
Computer equipment	- 33% straight line

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 Profit and loss account.

**2.6 VALUATION OF INVESTMENTS**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.7 STOCKS**

Stocks are stated at the lower of cost and net realisable value.

**2.8 DEBTORS**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.9 CASH AND CASH EQUIVALENTS**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.10 CREDITORS**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

METRION BIOSCIENCES LTD  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.11 FOREIGN CURRENCY TRANSLATION**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Profit and loss account except when deferred in other comprehensive income as qualifying cash flow hedges.

**2.12 OPERATING LEASES**

Rentals paid under operating leases are charged to the Profit and loss account on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

**2.13 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 Profit and loss account when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

**2.14 INTEREST INCOME**

Interest income is recognised in the Profit and loss account using the effective interest method.

**2.15 BORROWING COSTS**

All borrowing costs are recognised in the Profit and loss account in the year in which they are incurred.

METRION BIOSCIENCES LTD  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**2. ACCOUNTING POLICIES (CONTINUED)**

**2.16 TAXATION**

Tax is recognised in the Profit and loss account, 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.

**2.17 RESEARCH AND DEVELOPMENT**

Research and development expenditure is recognised in the Profit and loss account in the period in which it is incurred.

**3. TURNOVER**

An analysis of turnover by class of business is as follows:

	<b>2019</b>	2018
	<b>£</b>	£
Fee for service contracts	<b>1,217,945</b>	738,365
FTE funded contracts	<b>965,806</b>	573,386
Grant income	<b>343,093</b>	204,531
	<b>2,526,844</b>	1,516,282

**4. OTHER OPERATING INCOME**

	<b>2019</b>	2018
	<b>£</b>	£
Research and development expenditure credits	<b>68,968</b>	72,143
	<b>68,968</b>	72,143

**5. OPERATING PROFIT/(LOSS)**

The operating profit/(loss) is stated after charging:

	<b>2019</b>	2018
	<b>£</b>	£
Grant funded research and development expenditure	<b>385,833</b>	302,823
Internally funded research and development expenditure	<b>51,472</b>	213,887
	<b>437,305</b>	516,710

METRION BIOSCIENCES LTD  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**6. EBITDA**

	<b>2019</b>	2018
	<b>£</b>	£
Profit/(Loss)	<b>20,857</b>	(706,310)
Interest payable	<b>18,780</b>	10,023
Interest receivable	-	(304)
Corporation tax	<b>13,104</b>	(71,331)
Foreign exchange	<b>7,648</b>	1,765
Depreciation	<b>60,543</b>	112,401
Amortisation	<b>12,944</b>	12,159
	<b>133,876</b>	(641,597)

**7. EMPLOYEES**

The average monthly number of employees, including directors, during the year was 18 (2018 - 17).

**8. TAXATION**

	<b>2019</b>	2018
	<b>£</b>	£
<b>CORPORATION TAX</b>		
Research and development tax credit	<b>13,104</b>	(71,331)
<b>TOTAL CURRENT TAX</b>	<b>13,104</b>	(71,331)
<b>TAXATION ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES</b>	<b>13,104</b>	(71,331)

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

There were no factors that affected the tax charge for the year which has been calculated on the RDEC claim before tax at the standard rate of corporation tax in the UK of 19% (2018 - 19%).

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There are tax losses available to offset against future taxable profits of £68,931 (2018: £55,827).

METRION BIOSCIENCES LTD  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**9. INTANGIBLE ASSETS**

	Cell lines £	Patents £	Total £
<b>COST</b>			
At 1 January 2019	<b>37,879</b>	<b>50,000</b>	<b>87,879</b>
Additions	-	<b>7,261</b>	<b>7,261</b>
At 31 December 2019	<b>37,879</b>	<b>57,261</b>	<b>95,140</b>
<b>AMORTISATION</b>			
At 1 January 2019	<b>15,101</b>	<b>4,583</b>	<b>19,684</b>
Charge for the year	<b>7,576</b>	<b>5,368</b>	<b>12,944</b>
At 31 December 2019	<b>22,677</b>	<b>9,951</b>	<b>32,628</b>
<b>NET BOOK VALUE</b>			
At 31 December 2019	<b>15,202</b>	<b>47,310</b>	<b>62,512</b>
At 31 December 2018	22,778	45,417	68,195

METRION BIOSCIENCES LTD  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**10. TANGIBLE FIXED ASSETS**

	Short-term leasehold property £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
<b>COST OR VALUATION</b>					
At 1 January 2019	97,004	272,838	3,482	8,198	381,522
Additions	-	3,278	140	3,053	6,471
Disposals	-	(1,241)	-	-	(1,241)
At 31 December 2019	97,004	274,875	3,622	11,251	386,752
<b>DEPRECIATION</b>					
At 1 January 2019	45,944	227,116	2,401	3,966	279,427
Charge for the year on owned assets	20,419	36,039	911	3,176	60,545
Disposals	-	(1,241)	-	-	(1,241)
At 31 December 2019	66,363	261,914	3,312	7,142	338,731
<b>NET BOOK VALUE</b>					
At 31 December 2019	30,641	12,961	310	4,109	48,021
At 31 December 2018	51,060	45,722	1,081	4,232	102,095

**11. FIXED ASSET INVESTMENTS**

	Investments in subsidiary companies £
<b>COST OR VALUATION</b>	
At 1 January 2019	1
At 31 December 2019	1

On 14 February 2018, Metrion Pharma Limited, a 100% subsidiary of the Company, was incorporated and is registered in England and Wales. The subsidiary was dormant from incorporation to the 31 December 2019.



METRION BIOSCIENCES LTD  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**12. DEBTORS**

	<b>2019</b>	2018
	<b>£</b>	£
Trade debtors	<b>405,035</b>	197,744
Amounts owed by group undertakings	<b>49</b>	-
Other debtors	<b>55,864</b>	154,917
Prepayments and accrued income	<b>192,134</b>	175,243
	<b>653,082</b>	527,904

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2019</b>	2018
	<b>£</b>	£
Bank loans	<b>5,608</b>	19,422
Other loans	<b>128,400</b>	278,400
Trade creditors	<b>114,770</b>	229,812
Amounts owed to group undertakings	-	1
Other taxation and social security	<b>60,977</b>	21,172
Other creditors	<b>15,374</b>	12,866
Accruals and deferred income	<b>287,106</b>	77,213
	<b>612,235</b>	638,886

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. At the balance sheet date, unpaid contributions of £9,924 (2018 - £9,313) were due to the fund, which are included within other creditors.

**Secured loans**

Bank loans are transacted on a repayment basis, bear interest at 2.95% over Bank of England base rate and are secured by a first legal charge over the Company's assets.

Other loans are transacted on an interest only basis, bear interest at 2.5% over Bank of England base rate and are secured by a charge over the Company's assets.

METRION BIOSCIENCES LTD  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2019</b>	2018
	<b>£</b>	£
Bank loans	-	9,409
Other creditors	<b>100,000</b>	100,000
	<b>100,000</b>	109,409

**15. SHARE CAPITAL**

	<b>2019</b>	2018
	<b>£</b>	£
<b>ALLOTTED, CALLED UP AND FULLY PAID</b>		
460,973 (2018 - 408,496) Ordinary shares of £0.01 each	<b>4,610</b>	4,085

During the year the Company issued 52,477 Ordinary shares for a total share premium of £194,363.

**16. COMMITMENTS UNDER OPERATING LEASES**

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

	<b>2019</b>	2018
	<b>£</b>	£
Less than 1 year	<b>128,509</b>	128,509
1 - 5 years	<b>74,963</b>	203,472
	<b>203,472</b>	331,981

**17. TRANSACTIONS WITH DIRECTORS**

During the prior year a director of the Company made a secured, interest bearing loan of £100,000 to the Company. This loan bears interest at 9%.

At 31 December 2019 the full amount was outstanding and is included within other loans due after more than one year.

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