

Diaceutics Ltd

Annual report and financial statements

For the year ended 31 December 2016

Company registration number: NI 055207

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Diaceutics Ltd

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Diaceutics Ltd

Directors and other information

Directors

Mr P Keeling
Ms D Keeling
Mr P H White

Secretary

Ms J White

Bankers

Ulster Bank
Antrim Road
Belfast
Co Antrim
BT15 3BG

Solicitors

Arthur Cox
Victoria House
15-17 Gloucester Street
Belfast
BT1 4LS

Auditors

KPMG
Chartered Accountants
Stokes House
17/25 College Square East
Belfast
BT1 6DH

Registered office

727 Antrim Road
Belfast
Co Antrim
BT15 4EJ

Company registration number

NI 055207

Diaceutics Ltd

Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2016.

Principal activities

The Company's principal activity during the year continued to be research and development into personalised medicine drug development and diagnostic tests development. Their mission is to design, create and implement innovative solutions that enhance speed to market and increase the effectiveness of all the stakeholders in the personalised medicine industry.

Results and dividends

Details of the results for the financial year are set out in the profit and loss account on page 7 and in the related notes. No dividends were paid or proposed for either the year ended 31 December 2016 or the prior year ended 31 December 2015.

Research and development

Direct research and development expenditure of £838,104 (2015: £455,214) was incurred in the year, all of which was expensed to the profit and loss account. The costs relate to salaries and expenses incurred in the research and development of new and existing products.

Directors

The directors who held office during the year were:

Mr P Keeling
Ms D Keeling
Mr P H White

The secretary of the Company, Ms D Keeling, was replaced with Ms J White on 1 September 2016.

Political donations and charitable donations

During the year the Company made no political donations (2015: £Nil).

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and the directors have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Small company exemption

In preparing the directors report, the directors have taken the small company exemption under section 414B of the Companies Act 2006 (Strategic Report and Directors Report) Regulations 2015, not to prepare a strategic report for presentation with these financial statements.

Diaceutics Ltd

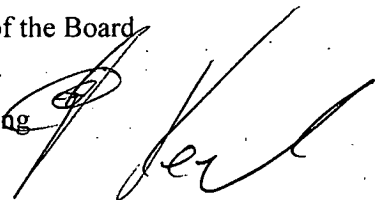
Directors' report

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG will therefore continue in office.

By Order of the Board

Mr P Keeling
Director



31 May 2017

Diaceutics Ltd

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including Section 1A of FRS 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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

On behalf of the board



Mr P Keeling
Director

31 May 2017



KPMG
Audit
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

We have audited the financial statements of Diaceutics Ltd for the year ended 31 December 2016 set out on pages 7 to 25 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice applicable to smaller entities) including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. Our audit was conducted in accordance with International Standards on Auditing (ISAs) (UK & Ireland).

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to smaller entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

2. Our conclusions on other matters on which we are required to report by the Companies Act 2006 are set out below

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the financial statements and from reading the directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

3. We have nothing to report in respect of matters on which we are required to report by exception

Under ISAs (UK and Ireland) we are required to report to you if, based on the knowledge we acquired during our audit, we have identified other information in the annual report that contains a material inconsistency with either that knowledge or the financial statements, a material misstatement of fact, or that is otherwise misleading.

Under the Companies Act 2006 we are required 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 director's 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 exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report in respect of the above responsibilities.



KPMG
Audit
Stokes House
17-25 College Square East
Belfast BT1 6DH
Northern Ireland

Basis of our report, responsibilities and restrictions on use

As explained more fully in the statement of directors' responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006. Our responsibility is to audit and express an opinion on the financial statements in accordance with UK law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

An audit undertaken in accordance with ISAs (UK & Ireland) involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Whilst an audit conducted in accordance with ISAs (UK & Ireland) is designed to provide reasonable assurance of identifying material misstatements or omissions it is not guaranteed to do so. Rather the auditor plans the audit to determine the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements does not exceed materiality for the financial statements as a whole. This testing requires us to conduct significant audit work on a broad range of assets, liabilities, income and expense as well as devoting significant time of the most experienced members of the audit team, in particular the engagement partner responsible for the audit, to subjective areas of the accounting and reporting.

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

John Poole (Senior Statutory Auditor)
for and on behalf of KPMG, Statutory Auditor
Chartered Accountants

Stokes House
17-25 College Square East
Belfast
BT1 6DH

1 June 2017

Diaceutics Ltd

Profit and loss account

For the year ended 31 December 2016

	Notes	2016 £	Restated 2015 £
Turnover	2	3,051,560	1,397,574
Cost of sales		(1,596,891)	(952,653)
Gross profit		1,454,669	444,921
Administrative expenses		(1,160,033)	(542,239)
Other operating income	3	105,438	33,932
Operating profit/(loss)	4	400,074	(63,386)
Dividends received		170,000	-
Interest receivable and similar income		32	-
Interest payable and similar charges	7	(64,361)	(40,102)
Profit/(loss) before taxation		505,745	(103,488)
Tax on profit/(loss)	8	(59,762)	-
Profit/(loss) for the financial year		445,983	(103,488)

All reported profits and losses arise from continuing operations.

The Company had no other comprehensive income in the current or previous financial year other than those dealt with in the profit and loss account and accordingly a statement of other comprehensive income has not been presented.

The notes on pages 10 to 25 form part of these financial statements.

Diaceutics Ltd

Balance sheet

As at 31 December 2016

	Note	2016 £	2016 £	Restated 2015 £	Restated 2015 £
Fixed assets					
Intangible assets	9		17,508		14,694
Tangible assets	10		14,125		2,752
Investments	11		912		102
			<u>32,545</u>		<u>17,548</u>
Current assets					
Debtors	12	2,270,938		1,198,736	
Cash at bank and in hand		778,605		125,097	
		<u>3,049,543</u>		<u>1,323,833</u>	
Creditors: amounts falling due within one year	13	<u>(2,010,918)</u>		<u>(927,330)</u>	
Net current assets			<u>1,038,625</u>		<u>396,503</u>
Total assets less current liabilities			<u>1,071,170</u>		<u>414,051</u>
Creditors: amounts falling due after more than one year	14		<u>(588,889)</u>		<u>(247,339)</u>
Net assets			<u>482,281</u>		<u>166,712</u>
Capital and reserves					
Called up share capital	16		195		109,030
Share premium			99,994		99,994
Capital redemption reserve			108,863		-
Profit and loss account			273,229		(42,312)
Shareholders' funds			<u>482,281</u>		<u>166,712</u>

These accounts have been prepared in accordance with the provision applicable to companies subject to the small companies regime and in accordance with the provisions of Section 1A – Small Entities of FRS 102.

These financial statements were approved by the Board of Directors on 31 May 2017, and are signed on behalf of the board by:

Mr P Keeling
Director

Company registration number: NI 055207

The notes on pages 10 to 25 form part of these financial statements.

Diaceutics Ltd

Statement of changes in equity

As at 31 December 2016

	Called up share capital £	Share Premium £	Capital redemption reserve £	Profit & loss account £	Total equity £
Balance at 1 January 2015	109,014	-	-	78,195	187,209
Total comprehensive income for the period					
Profit or loss	-	-	-	(103,488)	(103,489)
Restatement of profit and loss account for corrections of prior year material errors	-	-	-	(17,019)	(17,018)
Total comprehensive income for the period restated	-	-	-	(120,507)	(120,507)
<i>Transactions with owners, recorded directly in equity</i>					
Issue of shares	16	99,994	-	-	100,010
Total contributions by and distributions to owners	16	99,994	-	-	100,010
Balance at 31 December 2015 restated	109,030	99,994		(42,312)	166,712
Balance at 1 January 2016	109,030	99,994	-	(42,312)	166,712
Total comprehensive income for the period					
Profit or loss	-	-	-	445,983	445,983
Total comprehensive income for the period	-	-	-	445,983	445,983
<i>Transactions with owners, recorded directly in equity</i>					
Issue of shares	28	-	-	-	28
Shares redeemed	(108,850)	-	108,850	(108,850)	(108,850)
Buy back of own shares	(13)	-	13	(21,592)	(21,592)
Total contributions by and distributions to owners	(108,835)	-	108,863	(130,442)	(130,414)
Balance at 31 December 2016	195	99,994	108,863	273,229	482,281

The notes on pages 10 to 25 form part of these financial statements.

Diaceutics Ltd

Notes

1 Accounting policies

Diaceutics Ltd (the "Company") is a private Company limited by shares and incorporated and domiciled in Northern Ireland in the UK.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group accounts. These financial statements present information about the Company as an individual undertaking and not about its group.

The Company has adopted FRS 102 'the Financial Reporting standard applicable in the UK and Ireland' as issued in September 2015 ('FRS 102') Section 1A Small entities for the year ended 31 December 2016. In the prior period, the financial statements were prepared in accordance with the UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice). In the transition to FRS 102 from UK Generally Accepted Accounting Practice, the Company has made no measurement and recognition adjustments.

In preparing its FRS 102 balance sheet, the Company has not adjusted any amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

Judgements made by the director, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 18.

1.1 *Measurement convention*

The financial statements are prepared on the historical cost basis.

1.2 *Going concern*

The Company have sufficient financial resources based on forecast and current expectations of future sector conditions. As a consequence, the directors believes that the Company are well placed to manage their business risks successfully. The directors have a reasonable expectation that the Company have adequate resources to continue in operational existence for the foreseeable future. The directors therefore continues to adopt the going concern basis in preparing these financial statements.

Diaceutics Ltd

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the Company. Investments in subsidiaries are carried at cost less impairment.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Diaceutics Ltd

Notes (continued)

1 Accounting policies (continued)

1.5 Tangible fixed assets (continued)

Leases in which the entity assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.10 below.

The Company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

Plant and machinery	20% straight line
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Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

1.6 Intangible assets

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

Diaceutics Ltd

Notes (continued)

1 Accounting policies (continued)

1.6 Intangible assets (continued)

Other intangible assets

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Patents and trademarks	8 years (12.5% straight line)
Data sets	4 years (25% straight line)

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

1.7 Government grants

Government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the expected useful lives of the assets to which they relate or in periods in which the related costs are incurred.

1.8 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Diaceutics Ltd

Notes (continued)

1 Accounting policies (continued)

1.9 Turnover

Turnover represents the fair value of goods, excluding value added tax, provided to customers and work carried out in respect of services provided to customers.

1.10 Expenses

Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.11 Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve the design, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Diaceutics Ltd

Notes (continued)

1 Accounting policies (continued)

1.12 Taxation

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

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.

1.13 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

2 Turnover

	2016	2015
Turnover attributable to geographical markets outside the UK (relates to sales made in Europe and USA)	97.8%	98.0%

Diaceutics Ltd

Notes (continued)

3 Other operating income

	2016 £	Restated 2015 £
Government grant	55,364	3,273
Research and development expenditure credit	50,074	30,659
	<u>105,438</u>	<u>33,932</u>

4 Expenses and auditor's remuneration

Included in profit are the following:

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

	2016 £	2015 £
Amortisation – intangible fixed assets	11,748	800
Depreciation of tangible fixed assets:	2,317	2,750
Net foreign exchange gain	(16,105)	(32,391)
Audit fees – Audit	7,500	7,000
Director's remuneration	106,647	12,000
Research and development	838,104	455,214
	<u>838,104</u>	<u>455,214</u>

5 Staff numbers and costs

The average number of persons (including directors) employed by the Company during the year, analysed by category, was as follows:

	2016 £	2015 £
Directors	2	1
Other staff	8	3
	<u>10</u>	<u>4</u>

Diaceutics Ltd

Notes (continued)

5 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2016 £	2015 £
Wages and salaries	452,398	25,499
Social security costs	30,909	933
Pension costs	16,513	-
	<u>499,820</u>	<u>26,432</u>

6 Directors' remuneration

	2016 £	2015 £
Wages and salaries	<u>106,647</u>	<u>12,000</u>

7 Interest payable

	2016 £	Restated 2015 £
Interest payable on bank loans and overdrafts	<u>64,361</u>	<u>40,102</u>

Interest payable and similar expenses includes interest payable on directors loans of £13,422 (2015: £12,202) and interest payable on bank loans of £50,939 (2015: £27,900).

Diaceutics Ltd

Notes (continued)

8 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016 £	2015 £
<i>UK corporation tax for the period</i>		
Current tax on income for the period	59,762	-
Adjustments in respect of the prior periods	-	-
	<hr/>	<hr/>
Total current tax charge	59,762	-
Total deferred tax charge	-	-
	<hr/>	<hr/>
Tax on loss on ordinary activities	59,762	-
	<hr/> <hr/>	<hr/> <hr/>

The above has all been recognised in the profit and loss.

Reconciliation of effective tax rate

	2016 £	2015 £
Profit/(loss) for the year	395,909	(103,488)
Total tax charge	59,762	-
	<hr/>	<hr/>
Profit/(loss) excluding taxation	455,671	(103,488)
Tax using the UK corporation tax rate of 20% (2015: 20.25%)	91,134	(11,858)
<i>Effects of:</i>		
Non-deductible expenses	5,640	11,858
Non-taxable income	(34,000)	-
Research and development	10,015	-
Deferred tax not recognised	(13,027)	-
	<hr/>	<hr/>
Total tax expense included in profit and loss	59,762	-
	<hr/> <hr/>	<hr/> <hr/>

Tax losses carried forward as at 31 December 2016: £53,977 (2015: £84,511).

Diaceutics Ltd

Notes (continued)

8 Taxation (continued)

Factors that may affect future tax charges

Reduction in the UK corporation tax rate to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2016. This will reduce the Company's future tax charge accordingly. In Budget 2016 the government announced a further reduction to 17% (with effect from 1 April 2020). This new rate is not yet enacted.

On 29 March 2017, the UK Government invoked Article 50 of the Treaty of Lisbon, notifying the European Council of its intention to withdraw from the European Union (the 'EU'). There is an initial two-year timeframe for the UK and EU to reach an agreement on the withdrawal and the future UK and EU relationship although this timeframe can be extended. At this stage, there is significant uncertainty about the withdrawal process; its timeframe; and the outcome of the negotiations about the future arrangements between the UK and the EU. As a result, there is significant uncertainty as to the period for which the existing EU laws for member states will continue to apply to the UK and which laws will apply to the UK after an exit. Following the negotiations between the UK and the EU, the UK's tax status may change and this may impact the Company. However, at this stage the level of uncertainty is such that it is impossible to determine if, how and when that tax status will change.

9 Intangible assets

	Patents, trademarks and datasets
<i>Cost</i>	£
At 1 January 2016	50,582
Additions	14,562
	<hr/>
At 31 December 2016	65,144
	<hr/>
<i>Amortisation</i>	
At 1 January 2016	35,888
Provided during the year	11,748
	<hr/>
At 31 December 2016	47,636
	<hr/>
<i>Net book value</i>	
At 31 December 2016	17,508
	<hr/> <hr/>
At 1 January 2016	14,694
	<hr/> <hr/>

Intangible assets relate to patents, trademarks and datasets which are recorded at cost and amortised over their useful economic life which has been assessed as 4-8 years. Additions in the year relate to the purchase of an additional dataset.

Diaceutics Ltd

Notes (continued)

10 Tangible fixed assets

	Plant and machinery £
<i>Cost</i>	
At 1 January 2016	26,760
Additions	13,690
	<hr/>
Balance at 31 December 2016	40,450
	<hr/>
<i>Depreciation</i>	
At 1 January 2016	24,008
Charge for the year	2,317
	<hr/>
At 31 December 2016	26,325
	<hr/>
<i>Net book value</i>	
At 31 December 2016	14,125
	<hr/>
At 1 January 2016	2,752
	<hr/>

At year end the net carrying amount of fixed assets leased under a finance lease was £Nil (2015:Nil).

Included in the total net book value of fixed assets is £Nil (2015:£Nil) in respect of assets held under hire purchase contract.

11 Investments

	2016 £	2015 £
<i>Shares at cost</i>		
At 1 January 2015 and 31 December 2016	912	102
	<hr/>	<hr/>

The Company has the following investments in subsidiaries:

	Country of incorporation	Class of shares held	Ownership 2016	Ownership 2015
Diaceutics Ireland Limited	Republic of Ireland	Ordinary	100%	100%
Labceutics Limited	Northern Ireland	Ordinary	100%	100%
Diaceutics Inc	United States of America	Ordinary	100%	N/A

Diaceutics Ltd

Notes (continued)

12 Debtors

	2016 £	Restated 2015 £
Trade debtors	643,932	249,987
Amounts owed by group undertakings	1,577,918	802,448
Other debtors	1,924	59,362
Corporation tax	47,164	86,939
	<hr/>	<hr/>
	2,270,938	1,198,736
	<hr/> <hr/>	<hr/> <hr/>

All amounts are due within one year.

13 Creditors: amounts falling due within one year

	2016 £	Restated 2015 £
Accruals	401,012	86,040
Bank loans and overdrafts	204,715	74,055
Directors loan	145,859	134,221
Trade creditors	36,121	120,490
Amounts owed to group undertakings	1,170,929	461,053
Taxation and social security	14,919	(3,112)
Other creditors	-	54,583
Deferred income	37,363	-
	<hr/>	<hr/>
	2,010,918	927,330
	<hr/> <hr/>	<hr/> <hr/>

14 Creditors: amounts falling due after more than one year

	2016 £	Restated 2015 £
Bank loans and overdrafts	588,889	247,339
	<hr/> <hr/>	<hr/> <hr/>

Diaceutics Ltd

Notes (continued)

15 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	2016 £	Restated 2015 £
Creditors falling due within less one year		
Bank loans and overdrafts	204,715	74,055
Directors loan	145,859	134,221
	<hr/>	<hr/>
	350,574	208,276
	<hr/>	<hr/>
Creditors falling due more than one year		
Bank loans and overdrafts	588,889	247,339
	<hr/>	<hr/>
	588,889	247,339
	<hr/>	<hr/>

Terms and debt repayment schedule

	Currency	Nominal Interest rate	Year of maturity	Repayment schedule	2016 £	Restated 2015 £
<u>Bank loans and overdrafts</u>						
Loan 1	GBP	7.62% above UK reference rate	2019	Monthly	114,278	149,105
Loan 2	GBP	7.62% above UK reference rate	2020	Monthly	139,492	172,289
Loan 3	GBP	5.96% above UK reference rate	2021	Monthly	539,834	-
Directors loan	GBP	Fixed rate 10%	N/A	On demand	145,859	134,221
					<hr/>	<hr/>
					939,463	455,615
					<hr/>	<hr/>

All bank loans and the directors loan are unsecured.

Diaceutics Ltd

Notes (continued)

16 Share capital

	2016 £	2015 £
<i>Allotted, called up and fully paid</i>		
13,462 (2015: 16,980) ordinary shares (A – D class) of £0.01 each	135	170
10,000 (2015: 10,000) ordinary shares (E class) of £0.001 each	10	10
5,000 (2015: Nil) ordinary shares (F class) of £0.01 each	50	-
Nil (2015: 10,885,000) redeemable shares of £0.01 each	-	108,850
	<hr/>	<hr/>
	195	109,030
	<hr/> <hr/>	<hr/> <hr/>

The holders of A ordinary shares rank *pari passu* in respect of voting rights, and have priority in relation to the payment of dividends and on return of capital. The holders of B, C and D shares will receive a return of capital in their respective order, shall be entitled to receive dividends with the approval of an A shareholder majority, but have no voting rights. The holders of E shares shall be entitled to receive dividends with the approval of an A shareholder majority, but have no voting rights. The holders of F shares shall be entitled to receive 10% of the total amounts of dividends declared by the Company, 10% return of capital, but no voting rights.

During the year, the following changes occurred in respect of share capital:

- 4,382 B shares and 618 D shares were re-designated as F shares.
- The Company undertook a buy-back of 1,000 B shares and 300 D shares for total consideration of £21,592.
- 2,782 B shares were issued at par.
- The redeemable shares were redeemed at cost with no premium attached.

Reserves

Share premium account: This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve: This reserve records the nominal value of shares repurchased by the Company.

Dividends

No dividends were proposed by the directors after the balance sheet date.

17 Subsequent events

There were no subsequent events at the balance sheet date.

Diaceutics Ltd

Notes (continued)

18 Accounting estimates and judgements

The preparation of financial statements in conformity with Section 1A of FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed and revised on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management have assessed that there are no estimates or judgements that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities recognised in the financial statements.

19 Related parties

At 31 December 2016 directors are owed £145,859 (2015: £134,221) by the Company. This debt is unsecured and is repayable on demand, it is therefore classified as due within one year.

The Company has availed of FRS 102 Section 1AC.35 related Party Disclosures and has not disclosed related party transactions with companies that are 100% subsidiaries of the Company.

20 Ultimate controlling party

The Company is controlled by its shareholders. The majority shareholders are Peter Keeling and Delia Keeling.

The Company has the following wholly owned subsidiaries:

Diaceutics Ireland Limited (ROI)
Labceutics Limited
Diaceutics Incorporated (US)

The Company is exempt from the requirement to prepare consolidated financial statements, as the Company, and the Group headed by it, qualify as small as set out in section 383 of the Companies Act 2006 and the Company and the Group are considered eligible for the exemption as determined by reference to sections 384 and 399(2A) of the Companies Act 2006.

21 Prior year adjustment

During the year, prior year adjustments were made to the Company's financial statements, summarized as follows:

- Adjustment to appropriately re-classify the bank loan between creditors due within one year and creditors due after one year. The effect of this adjustment was to decrease current liabilities and increase non-current liabilities by £247,339 as at 31 December 2015.
- Adjustment to appropriately record director's loan interest. The effect of this adjustment was £17,019 decrease to 2015 opening profit and loss reserves, £12,202 increase in director's loan interest expense for the year ended 31 December 2015 and £29,221 increase to the director loan balance as at 31 December 2015.
- Adjustment to appropriately record grant income. The effect of this adjustment was £32,727 decrease in grant income for the year ended 31 December 2015 and £32,727 decrease in the others debtors balance as at 31 December 2015.

Diaceutics Ltd

Notes (continued)

21 Prior year adjustment (continued)

The effect of these restatements on the Company's balance sheet at 31 December 2015 was as follows:

	As previously stated	Effect	As restated
	£	£	£
Other operating income	(66,659)	32,727	(33,932)
Interest payable	27,900	12,202	40,102
Debtors: amounts falling due within one year	1,231,463	(32,727)	1,198,736
Creditors: amounts falling due within one year	(1,145,448)	218,118	(927,330)
Creditors: amounts falling due after more than one year	-	(247,339)	(247,339)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Opening reserves	(78,195)	17,019	(61,176)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The effect of these restatements on the Company's balance sheet at 1 January 2015 was as follows:

	As previously stated	Effect	As restated
	£	£	£
Interest payable	13,287	11,093	24,380
Creditors: amounts falling due after more than one year	(148,987)	(17,019)	(271,006)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Opening reserves	99,943	5,926	105,869
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>