

Registration number: NI039740

FUSION ANTIBODIES LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

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FUSION ANTIBODIES LIMITED

COMPANY INFORMATION

Directors

Dr Simon Douglas (*Non-Executive Chairman*)

Dr Paul Kerr (*Managing Director*)

Dr Richard Buick (*Chief Technical Officer*)

Professor Sir John Cadogan CBE FRS (*Non-Executive Director*)

Mr James Fair (*Chief Financial Officer*)

Ms Sonya Ferguson (*Non-Executive Director*)

Dr Alan Mawson (*Non-Executive Director*)

Mr David Moore (*Non-Executive Director*)

Mr Colin Walsh (*Non-Executive Director*)

Company secretary

Mr James Fair

Registered office

c/o Tughans Solicitors

Marlborough House

30 Victoria Street

Belfast

BT1 3GS

Independent auditors

PricewaterhouseCoopers LLP

Waterfront Plaza

8 Laganbank Road

Belfast

BT1 3LR

Business address

1 Springbank Road

Springbank Industrial Estate

Dunmurry

Belfast

BT17 0QL

Bankers

Danske Bank

Donegall Square West

Belfast

BT4 6JS

HSBC

25-29 Royal Avenue

Belfast

BT1 1FB

Solicitors

Tughans Solicitors

Marlborough House

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Belfast

BT1 3GS

Registered in Northern Ireland, number NI039740

FUSION ANTIBODIES LIMITED

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FUSION ANTIBODIES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and the audited financial statements of the company for the year ended 31 March 2017.

The company is incorporated and domiciled in the United Kingdom.

Principal activity

The principal activity of the company is the research, development and manufacture of recombinant proteins and antibodies, particularly in the areas of cancer and infectious diseases.

Directors

The following directors have held office during the year and until the date of signing this report:

Dr Simon Douglas - non-executive

Dr Paul Kerr (*Managing Director*)

Dr Richard Buick (*Chief Technical Officer*)

Professor Sir John Cadogan CBE FRS² - non-executive

Mr James Fair (*Chief Financial Officer*) (*appointed 1 August 2017*)

Ms Sonya Ferguson - non-executive. (*appointed 10 June 2016*)

Dr Alan Mawson^{1,2} - non-executive

Mr David Moore¹ - non-executive

Mr Colin Walsh² - non-executive

¹ Member of the audit committee

² Member of the remuneration committee

Results and dividends

No ordinary dividends were paid (2016: £nil). The directors do not recommend payment of a final dividend.

Financial management

The company is exposed through its operations to the following financial instrument risks: credit risk; liquidity risk and foreign currency risk. The policy for managing these risks is set by the Board following recommendations from the Chief Financial Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk

Credit risk arises from the company's trade and other receivables. It is the risk that the counterparty fails to discharge their obligation in respect of the instrument.

The company is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers before entering contracts. Also, for certain new customers the company will seek payment at each stage of a project to reduce the amount of receivable the company has outstanding for that customer.

FUSION ANTIBODIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

Financial management continued

Liquidity risk

Liquidity risk arises from the company's management of working capital, and is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

At each board meeting, and at the reporting date, the cash flow projections are considered by the Board to confirm that the company has sufficient funds and available funding facilities to meet its obligations as they fall due.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company seeks to transact the majority of its business in its reporting currency (£sterling). However, many customers and suppliers are outside the UK and a proportion of these transact with the company in US Dollars or Euro. For that reason the company operates current bank accounts in these two currencies as well as in its reporting currency. To the maximum extent possible receipts and payments in a particular currency are made through the bank account in that currency to reduce the amount of funds translated to or from the reporting currency. Cash flow projections are used to plan for those occasion when funds will need to be translated into different currencies so that exchange rate risk is minimised

Directors' indemnity

Every director and other officer of the company is entitled to be indemnified out of the assets of the company against all losses or liabilities properly incurred by him or her in or about the discharge of the duties of his or her office. The company has insurance cover in place to mitigate such costs.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare the financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed; subject to any material departures disclosed and explained on the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

FUSION ANTIBODIES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

Statement of Directors' Responsibilities continued

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. The Directors are also generally responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of disclosure to auditors

The Directors confirm that:

- so far as each Director is 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 Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

On behalf of the Board



Dr Paul Kerr
Director

16 November 2017

Company registration number NI039740

FUSION ANTIBODIES LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FUSION ANTIBODIES LIMITED

Report on the financial statements

Our opinion

In our opinion, Fusion Antibodies Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit and cash flows for the year then ended;
 - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the cash flow statement for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

FUSION ANTIBODIES LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FUSION ANTIBODIES LIMITED (continued)

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on pages 2 and 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves


We conducted our audit in accordance with ISAs (UK & Ireland). An audit 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.


Kevin MacAllister (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
27 November 2017

FUSION ANTIBODIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Revenue	4	1,913,956	1,481,265
Cost of sales		<u>(952,459)</u>	<u>(618,055)</u>
Gross profit		961,497	863,210
Other operating income	22	45,674	7,104
Administrative expenses		<u>(880,641)</u>	<u>(842,629)</u>
Operating profit	5	126,530	27,685
Finance costs	8	<u>(615)</u>	<u>(496)</u>
		125,915	27,189
Income tax (expense)/credit	10	<u>(5,961)</u>	<u>1,126,903</u>
Profit for the financial year		119,954	1,154,092
Total comprehensive income for the year		119,954	1,154,092

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

The accompanying notes on pages 10 to 32 form an integral part of the financial statements.

FUSION ANTIBODIES LIMITED

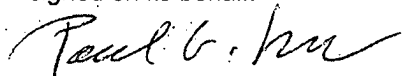
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

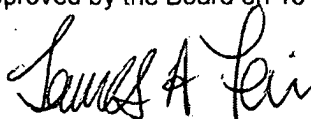
	Notes	2017 £	2016 £	2015 £
Assets				
Non-current assets				
Property, plant and equipment	11	107,253	49,972	36,447
Deferred tax assets	13	1,118,864	1,126,903	-
		1,226,117	1,176,875	36,447
Current assets				
Inventories	14	70,261	-	-
Trade and other receivables	15	571,998	277,625	210,922
Current tax receivable		2,078	-	19,961
Cash and cash equivalents		285,685	413,945	103,632
		930,022	691,570	334,515
Total assets		2,156,139	1,868,445	370,962
Liabilities				
Current liabilities				
Trade and other payables	16	430,217	391,430	181,668
		430,217	391,430	181,668
Net current assets		499,805	300,140	152,847
Non-current liabilities				
Provisions for other liabilities and charges	17	20,000	20,000	20,000
Net assets		1,705,922	1,457,015	169,294
Equity				
Called up share capital	19	547,655	547,655	547,655
Share premium reserve		6,161,269	6,161,269	6,161,269
Accumulated losses		(5,003,002)	(5,251,909)	(6,539,630)
Equity		1,705,922	1,457,015	169,294

The accompanying notes on pages 10 to 32 form an integral part of these financial statements.

The financial statements on pages 6 to 32 were approved by the Board on 16th November 2017, and signed on its behalf:



Dr Paul Kerr
Director



James Fair
Director

Registered in Northern Ireland, number NI039740

FUSION ANTIBODIES LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital £	Share premium reserve £	Accumulated losses £	Equity £
At 1 April 2016	547,655	6,161,269	(5,251,909)	1,457,015
Profit for the year	-	-	119,954	119,954
Share options – value of employee services	-	-	128,953	128,953
Total transactions with owners, recognised directly in equity	-	-	128,953	128,953
At 31 March 2017	547,655	6,161,269	(5,003,002)	1,705,922
At 1 April 2015	547,655	6,161,269	(6,539,630)	169,294
Profit for the year	-	-	1,154,092	1,154,092
Share options – value of employee services	-	-	133,629	133,629
Total transactions with owners, recognised directly in equity	-	-	133,629	133,629
At 31 March 2016	547,655	6,161,269	(5,251,909)	1,457,015

The accompanying notes on pages 10 to 32 form an integral part of these financial statements.

FUSION ANTIBODIES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
Cash flows from operating activities		
Profit for the year	119,954	1,154,092
Adjustments for:		
Share based payment expense	128,953	133,629
Depreciation	32,990	22,236
Finance costs	615	496
Income tax expense/(credit)	5,961	(1,126,903)
Increase in inventories	(70,261)	-
Increase in trade and other receivables	(294,373)	(66,703)
Increase in trade and other payables	38,787	209,762
Cash (used in)/ generated from operations	(37,374)	326,609
Income tax received	-	19,961
Net cash (used in)/generated from operating activities	(37,374)	346,570
Cash flows from investing activities		
Purchase of property, plant and equipment	(90,271)	(35,761)
Net cash used in investing activities	(90,271)	(35,761)
Cash flows from financing activities		
Proceeds from issue of share capital	-	-
Interest received	-	-
Interest paid	(615)	(496)
Net cash used in financing activities	(615)	(496)
Net (decrease)/increase in cash and cash equivalents	(128,260)	310,313
Cash and cash equivalents at the beginning of the year	413,945	103,632
Cash and cash equivalents at the end of the year	285,685	413,945

The accompanying notes on pages 10 to 32 form an integral part of these financial statements.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 General information

Fusion Antibodies Limited is a company incorporated and domiciled in the UK, having its registered office at Marlborough House, 30 Victoria Street, Belfast, BT1 3GS.

The principal activity of the company is the research, development and manufacture of recombinant proteins and antibodies, particularly in the areas of cancer and infectious diseases.

2 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Basis of preparation

The financial statements have been prepared on the historical cost convention, modified to include certain financial instruments at fair value.

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 £1.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) as adopted by the European Union and with the Companies Act 2006 applicable to companies reporting under IFRS. These are the first financial statements applying IFRS, the date of transition to IFRS is 31 March 2015 with adjustments shown in note 24.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going concern

The company meets its day-to-day working capital requirements from its balances of monies at bank. The company's forecasts and projections, taking into account of reasonably possible changes in trading performance, show that the company should be able to operate within the available funds. Having assessed the principal risks, the directors considered it appropriate to adopt the going concern basis of accounting in preparing its financial statements.

Changes in accounting policy and disclosures

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 April 2017, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the group or parent company, except the following, set out below:

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2 Significant accounting policies continued

- *IFRS 9, 'Financial instruments'*, addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through Other Comprehensive Income (OCI) and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the changes in own credit risk in OCI, for liabilities designated at fair value through profit or loss. IFRS9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes. Contemporaneous documentation is still required but is different from that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted, subject to EU endorsement. The impact of IFRS 9 is being assessed by management.
- *IFRS 15, 'Revenue from contracts with customers'*, deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted, subject to EU endorsement. The impact is being assessed by management and a transition plan is being put in place.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2 Significant accounting policies continued

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes. Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest. The company recognises revenue when (i) the significant risks and rewards of ownership have been transferred to the buyer; (ii) the company retains no continuing involvement or control over the goods; (iii) the amount of revenue can be measured reliably; and (iv) it is probable that future economic benefits will flow to the company.

Revenue in respect of the services the company provide are recognised using the percentage of completion method applied to each stage of its agreements with customers.

Grant income

Revenue grants received by the company are recognised in a manner consistent with the grant conditions. Once conditions have been met, revenue is recognised in the statement of comprehensive income and shown as Other Operating Income.

Research and development

Research expenditure is written off as incurred. Development expenditure is recognised in the Statement of Comprehensive Income as an expense until it can be demonstrated that the following conditions for capitalisation apply:

- It is technically feasible to complete the scientific product so that it will be available for use;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Property, plant and equipment

Property, plant and equipment are initially recognised at historical cost, net of depreciation and any impairment losses.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2 Significant accounting policies continued

Property, plant and equipment continued

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Subsequently, property plant and equipment are measured at cost or valuation net of depreciation and any impairment losses.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Software acquired with hardware is considered to be integral to that operations of that hardware and is capitalised with that equipment. Software acquired separately from hardware is recognised as an intangible asset and amortised over its estimated useful life.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset on a straightline basis over its expected economic useful life as follows:

Leasehold improvements	The lesser of the asset life and the remaining length of the lease
Plant and machinery	4 years
Fixtures, fittings & equipment	4 years

Impairment of non-financial assets

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

All individual assets or cash-generating units are tested whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use. Value in use is based on estimated future cash flows from each cash-generating unit or individual asset, discounted at a suitable rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the company's latest approved budgets, adjusted as necessary to exclude any restructuring to which the company is not yet committed. Discount rates are determined individually for each cash-generating unit or individual asset and reflect their respective risk profiles as assessed by the directors.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2 Significant accounting policies continued

Impairment of non-financial assets continued

Impairment losses for cash-generating units are charged pro rata to the assets in the cash-generating unit. Cash generating units and individual assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. Impairment charges are included in administrative expenses in the Statement of Comprehensive Income. An impairment charge that has been recognised is reversed if the cash-generating unit's or individual asset's recoverable amount exceeds its carrying amount.

Current tax and deferred tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised directly in equity.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the UK, where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary differences arising between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is determined using tax rates (and laws) that have been enacted, or substantively enacted, by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities.

Share based employee compensation

The company operates equity-settled share-based compensation plans for remuneration of its Directors and employees.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. The fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (e.g. profitability and remaining an employee of the company over a specified time period).

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2 Significant accounting policies continued

Share based employee compensation continued

Share based compensation is recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to equity. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Other vesting conditions include the restriction for certain options to vest only on a takeover or listing of the company on a recognised stock market.

Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium when the options are exercised.

Financial assets

The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the asset was acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

Financial assets are initially recognised at fair value. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently measured at amortised cost using the effective interest method.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2 Significant accounting policies continued

Financial assets continued

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, overdrafts are shown within borrowings in current liabilities.

Inventories

Inventories comprise consumables.

Consumables inventory is stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Cost represents the amounts payable on the acquisition of materials. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in selling and distribution.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2 Significant accounting policies continued

Financial liabilities

All of the company's financial liabilities are classified as financial liabilities carried at amortised cost. The company does not use derivative financial instruments or hedge accounts for any transactions. Financial liabilities comprise Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Provisions

A provision is recognised in the Statement of Financial Position when the company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

Provisions for dilapidation charges that will crystallise at the end of the period of occupancy are provided for in full.

Employee benefits – Defined contribution plan

The company operates a defined contribution pension scheme which is open to all employees and directors. The assets of the schemes are held by investment managers separately from those of the Company. The contributions payable to these schemes are recorded in the Statement of Comprehensive Income in the accounting period to which they relate.

Foreign currency translation

The company's functional currency is the pound sterling. Transactions in foreign currencies are translated at the exchange rate ruling at the date of transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the reporting date. Exchange differences arising on the settlement or on translating monetary items at rates different from those at which they were initially recorded are recognised in administrative expenses in the Statement of Comprehensive Income in the period in which they arise.

Equity

Equity comprises the following;

Called up share capital

Share capital represents the nominal value of equity shares.

Share premium

Share premium represents the excess over nominal value of the fair value of consideration received of equity shares, net of expenses of the share issue.

Accumulated losses

Accumulated losses represents retained profits and losses.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

2 Significant accounting policies continued

Leases

Leases in which a significant portion of the risks and rewards of ownership remain with the lessor are classified as operating leases and are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

3 Critical accounting estimates and judgements

Many of the amounts included in the financial statements involve the use of judgement and/or estimates. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. Information about such judgements and estimation is contained in the accounting policy and/or the notes to the financial statements and the key areas are summarised below:

Critical judgements in applying accounting policies

The directors do not consider there are any critical judgements in applying accounting policies.

Critical accounting estimates and assumptions

- *Deferred Taxation.* The company has significant tax losses which are able to be carried forward to be offset against future profits of the company. A deferred tax asset has been calculated based on estimates of future profits against which these losses can be utilised. Deferred tax represents a significant asset of the company and therefore movements being charged through the statement of comprehensive income also have the potential to affect reported profit or loss.
- *Share Based Payments.* The company operates an employee share option scheme and has recognised an annual cost in the Income Statement. The calculation of the costs is based on a number of estimates and assumptions, of which two have a significant impact on the amounts recorded in the financial statements:
 - *Date at which an exercising event may occur has a significant effect on the number of options expected to be exercised.* If such an event was to be one year later than in the assumptions used by the company the effect would be approximately £232,000 cumulatively lower charge to the income statement (2016: £198,000 lower) (2015: £161,000 lower).
 - *Fair value of the shares at date of grant.* As a private company an open market share price is not available when shares are granted so the company has applied the Black-Scholes method based on the most recent price at which capital was raised. A 5% fluctuation in the fair value of shares at grant date would have resulted in the cumulative charge to the income statement being approximately £36,000 higher or lower (2016: £30,000) (2015: £23,000).

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

4 Revenue

All of the activities of the company fall within one business segment, that of research, development and manufacture of recombinant proteins and antibodies.

Geographic analysis

	2017 £	2016 £
UK (domicile)	309,150	214,852
Rest of Europe	846,628	607,743
North America	746,405	569,083
Rest of World	11,773	89,587
	1,913,956	1,481,265

5 Operating profit is stated after charging

	2017 £	2016 £
Employee benefit costs		
-wages and salaries	643,081	569,810
-social security costs	61,975	36,399
-other pension costs	34,733	5,278
-share based payments	128,953	133,629
	868,742	745,116
Depreciation and amortisation		
Depreciation of property, plant and equipment	32,990	22,236
Other operating expenses		
Operating lease rentals – land & buildings	40,000	40,000
Other occupancy costs	19,910	12,673
IT costs	7,387	11,256
Fees payable to the company's auditors		
Audit fee	9,000	6,000
Tax compliance	-	1,815
Payroll and other services	-	19,956
	9,000	27,771
Raw materials and consumables used	591,099	305,893
Increase in inventories	(70,261)	-
Patent costs	45,966	101,614
Transportation costs	13,165	9,004
Marketing costs	75,202	40,195
Profit on foreign exchange	(21,113)	(3,977)
Other expenses	221,013	148,903
Total cost of sales and administrative expenses	1,833,100	1,460,684

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

6 Average staff numbers

	2017	2016
Employed in UK (including executive directors)	15	10
Non-executive directors	6	5
	21	15

7 Remuneration of directors and key senior management

Directors

	2017 £	2016 £
Emoluments	174,204	272,858
Pension contributions	21,322	5,278
Fees paid to third parties for services of directors	38,500	47,644
Total	234,026	325,780

Highest paid director

In 2016 the highest paid director received the following emoluments:

	2016 £
Emoluments	77,715
Pension contributions	2,640
	80,355

Key senior management

Key senior management is considered to be the directors of the company with total remuneration for the year of £234,026 (2016: £325,780).

8 Finance costs

	2017 £	2016 £
Interest expense on other borrowings	615	496

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

9 Share based payments

The Company operates 2 share based reward schemes for employees:

- A United Kingdom tax authority approved scheme for executive directors and senior staff; and
- An unapproved scheme for non-executive directors.

Options under the approved scheme have no performance conditions other than the continued employment within the company. Options vest ten years from the date of grant which may accelerate for a change of control or an admission to a public market. Options not exercised on the vesting date lapse. Options lapse if the individual leaves the company, except under certain circumstances such as leaving by reason of redundancy.

Options under the unapproved scheme vest only upon certain conditions such as an admission to the Alternative Investment Market or a takeover by another company. Unapproved options that have not been exercised lapse ten years after the date of grant.

The total share-based remuneration recognised in the Statement of Comprehensive Income was £128,953 (2016: £133,629, 2015: £99,634). The most recent options granted 2006 were valued using the Black-Scholes method. With no open market valuation, the share price on grant used the most recent price at which the company had raised capital in a share round, expected volatility of 13.4% and a compound risk free rate assumed of 1.53%.

	2017 Weighted average exercise price £	2017 Number	2016 Weighted average exercise price £	2016 Number
Outstanding at beginning of the year	1.59	75,300	1.62	75,950
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	1.00	(1,000)	4.15	(650)
Outstanding at the end of the year	1.60	74,300	1.59	75,300

The options outstanding at the end of each year were as follows:

Expiry	Exercise price £	2017 Number	2016 Number
February 2016	4.15	-	-
April 2017	1.00	5,000	5,000
February 2018	6.00	2,300	2,300
February 2018	1.00	4,000	4,000
September 2018	1.00	2,000	2,000
October 2019	4.00	3,400	3,400
October 2019	1.00	12,250	12,250
May 2021	2.20	19,250	19,250
November 2024	1.00	26,100	27,100
Total		74,300	75,300

Of the total number outstanding none (2016: none) had vested at the year end.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

10 Income tax expense/(credit)

	2017 £	2016 £
Current tax - UK corporation tax	(2,078)	-
Deferred tax – origination and reversal of temporary differences	8,039	(1,126,903)
Income tax expense/(credit)	5,961	(1,126,903)

	2017 £	2016 £
Factors affecting the tax charge for the year		
Profit before tax	125,915	27,189
Profit before tax multiplied by standard rate of UK corporation tax of 20%	25,183	5,438
Provisions and expenditure not deductible for tax purposes	(323)	13,404
Reduction in deferred tax asset due to change in enacted rate	22,228	-
RDEC/R&D tax credit	(2,078)	(12,984)
Adjustment in recognition of deferred tax	(39,049)	(1,132,761)
Income tax expense/(credit)	5,961	(1,126,903)

11 Property, plant and equipment

	Leasehold improvements £	Plant & machinery £	Fixtures, fittings & equipment £	Total £
Cost				
At 1 April 2016	156,059	403,456	50,766	610,281
Additions	-	80,314	9,957	90,271
At 31 March 2017	156,059	483,770	60,723	700,552
Accumulated depreciation				
At 1 April 2016	148,123	368,048	44,138	560,309
Depreciation charged in the year	7,936	21,484	3,570	32,990
At 31 March 2017	156,059	389,532	47,708	593,299
Net book value				
At 31 March 2017	-	94,238	13,015	107,253
At 31 March 2016	7,936	35,408	6,628	49,972

None of the above are held under finance leases (2016: none).

The depreciation expense is included in administrative expenses in the statement of comprehensive income in each for the financial years shown.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

12 Investment in subsidiary

The company has the following investment in a subsidiary:

	2017 £	2016 £	2015 £
Fusion Contract Services Limited 100% subsidiary Dormant company Marlborough House, 30 Victoria Street, Belfast BT1 3GS	1	1	1

13 Deferred tax

	2017 £	2016 £	2015 £
At 1 April	1,126,903	-	-
(Charged)/credited to income statement in the year	(8,039)	1,126,903	-
At 31 March	1,118,864	1,126,903	-

The movement in deferred tax assets and liabilities during the financial year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Accelerated tax depreciation £	Tax losses £	Share based payments £	RDEC tax credit £	Total £
Deferred tax assets and liabilities					
At 1 April 2014 & 2015	-	-	-	-	-
Credited to statement of comprehensive income	16,086	1,034,639	76,178	-	1,126,903
At 1 April 2016	16,086	1,034,639	76,178	-	1,126,903
(Charged)/credited to statement of comprehensive income	(16,724)	(50,392)	58,557	520	(8,039)
At 31 March 2017	(638)	984,247	134,735	520	1,118,864

Deferred tax assets are recognised for the carry forward of corporation tax losses to the extent that the realisation of a future benefit is probable. The deferred tax asset arising from future utilisation of taxable losses of £5,414,228 is dependent on future taxable profits arising in the UK. The directors are of the opinion that it is more likely than not that there will be sufficient future taxable profits against which the tax losses can be deducted and accordingly, a deferred tax asset has been recognised.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

13 Deferred tax continued

Deferred tax assets are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted, or substantively enacted, at the balance sheet date. The change on rate from 20% to 19%, effective from 1 April 2017, and from 19% to 17%, effective from 1 April 2020, were both substantively enacted as part of the Finance Act 2016.

Deferred tax liabilities and assets expected to arise after more than 12 months: £913,843 (2016: £1,118,864) (2015: £n/a)

14 Inventories

	2017 £	2016 £	2015 £
Raw materials and consumables	68,661	-	-
Materials for sale	1,600	-	-
	70,261	-	-

15 Trade and other receivables – current

	2017 £	2016 £	2015 £
Trade receivables	527,092	285,895	169,563
Provision for impairment of trade receivables	(17,045)	(44,243)	-
Trade receivables - net	510,047	241,652	169,563
Other receivables	49,712	8,542	15,414
Prepayments and accrued income	12,239	27,431	25,945
	571,998	277,625	210,922

The fair value of receivables approximates to their carrying value

At the reporting date, trade receivables of £27,045 (2016: £44,243) were impaired. The individually impaired receivables relate to customers which are in unexpectedly difficult circumstances. It is assessed that £10,000 (2016: £nil) is expected to be recovered. The ageing of these receivables is as follows:

	2017 £	2016 £	2015 £
3 to 6 months	-	16,378	-
6 to 12 months	-	27,865	-
More than 12 months	27,045	-	-
	27,045	44,243	-

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

15 Trade and other receivables continued

The carrying amount of trade and other receivables are denominated in the following currencies:

	2017 £	2016 £	2015 £
UK pound	343,804	243,292	152,170
Euros	51,278	509	380
US dollar	164,677	6,393	32,427
	559,759	250,194	184,977

The aging of unimpaired trade receivables which were past due at the reporting date was as follows:

	2017 £	2016 £	2015 £
Not more than 3 months	21,030	25,546	28,185
3 to 6 months	148	13,975	421
	21,178	39,521	28,606

Movements on the provision for impairment of trade receivables are as follows:

	2017 £	2016 £	2015 £
At 1 April	44,243	-	-
Provision	17,045	44,243	-
Write off as uncollectible	(44,243)	-	-
At 31 March	17,045	44,243	-

The creation and release of provision for impaired receivables has been included in administrative expenses in the statement of comprehensive income.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The company does not hold any collateral as security.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

16 Trade and other payables

	2017 £	2016 £	2015 £
Trade payables	245,633	98,398	143,920
Social security and other taxes	34,951	11,084	7,376
Other payables	16,683	5,378	6,240
Accruals and deferred income	132,950	276,570	24,132
	430,217	391,430	181,668

The fair value of payables approximates to their carrying value.

Invest Northern Ireland hold a mortgage dated 9 December 2009 for securing all monies due or to become due from the company on any account.

17 Provisions for liabilities

	2017 £	2016 £	2015 £
Due after less than 1 year	20,000	20,000	20,000

Leasehold dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The company was in lease renewal negotiations at the reporting date with a view to agreeing a 5 year extension. The costs of dilapidations would be incurred on vacating the premises.

18 Financial instruments

The company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and methods used to measure them. There have been no substantive changes in the company's exposure to financial instrument risks and the methods used to measure them from previous periods unless otherwise stated in this note.

The principal financial instruments used by the company, from which the financial instrument risk arises, are trade receivables, cash and cash equivalents and trade and other payables. The fair values of all the company's financial instruments are the same as their carrying values.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

18 Financial instruments continued

Financial instruments by category

Financial instruments categories are as follows:

As at 31 March 2017	Loans and receivables £	Assets at fair value through profit or loss £	Derivatives used for hedging £	Available for sale £	Total £
Trade receivables	510,047	-	-	-	510,047
Other receivables	49,712	-	-	-	49,712
Cash and cash equivalents	285,685	-	-	-	285,685
Total	845,444	-	-	-	845,444

As at 31 March 2016	Loans and receivables £	Assets at fair value through profit or loss £	Derivatives used for hedging £	Available for sale £	Total £
Trade receivables	241,652	-	-	-	241,652
Other receivables	8,542	-	-	-	8,542
Cash and cash equivalents	413,945	-	-	-	413,945
Total	664,139	-	-	-	664,139

As at 31 March 2015	Loans and receivables £	Assets at fair value through profit or loss £	Derivatives used for hedging £	Available for sale £	Total £
Trade receivables	169,563	-	-	-	169,563
Other receivables	15,414	-	-	-	15,414
Cash and cash equivalents	103,632	-	-	-	103,632
Total	288,609	-	-	-	288,609

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

18 Financial instruments continued

As at 31 March 2017	Liabilities at fair value through profit or loss £	Derivatives used for hedging £	Other financial liabilities at amortised cost £	Total £
Trade payables	-	-	245,633	245,633
Other payables	-	-	16,683	16,683
Accruals and deferred income	-	-	132,950	132,950
Total	-	-	395,266	395,266

As at 31 March 2016	Liabilities at fair value through profit or loss £	Derivatives used for hedging £	Other financial liabilities at amortised cost £	Total £
Trade payables	-	-	98,398	98,398
Other payables	-	-	5,378	5,378
Accruals and deferred income	-	-	276,570	276,570
Total	-	-	380,346	380,346

As at 31 March 2015	Liabilities at fair value through profit or loss £	Derivatives used for hedging £	Other financial liabilities at amortised cost £	Total £
Trade payables	-	-	143,920	143,920
Other payables	-	-	6,240	6,240
Accruals and deferred income	-	-	24,132	24,132
Total	-	-	174,292	174,292

Capital management

The company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may issue new shares or sell assets to provide working capital.

Consistent with others in the industry at this stage of development, the company has no bank borrowings and has relied on issuing new shares and cash generated from operations.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

18 Financial instruments continued

General objectives, policies and processes – risk management

The company is exposed through its operations to the following financial instrument risks: credit risk; liquidity risk and foreign currency risk. The policy for managing these risks is set by the Board following recommendations from the Chief Financial Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. The policy for each of the above risks is described in more detail below.

Credit risk

Credit risk arises from the company's trade and other receivables, and from cash at bank. It is the risk that the counterparty fails to discharge their obligation in respect of the instrument.

The company is mainly exposed to credit risk from credit sales. It is company policy to assess the credit risk of new customers before entering contracts. Also, for certain new customers the company will seek payment at each stage of a project to reduce the amount of receivable the company has outstanding for that customer.

At the year end the company's bank balances were all held with HSBC Bank plc (Moody's rating P-1).

Liquidity risk

Liquidity risk arises from the company's management of working capital, and is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

At each board meeting, and at the reporting date, the cash flow projections are considered by the Board to confirm that the company has sufficient funds and available funding facilities to meet its obligations as they fall due.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The company seeks to transact the majority of its business in its reporting currency (£sterling). However, many customers and suppliers are outside the UK and a proportion of these transact with the company in US Dollars or Euro. For that reason the company operates current bank accounts in these two currencies as well as in its reporting currency. To the maximum extent possible receipts and payments in a particular currency are made through the bank account in that currency to reduce the amount of funds translated to or from the reporting currency. Cash flow projections are used to plan for those occasion when funds will need to be translated into different currencies so that exchange rate risk is minimised.

If the exchange rate between Sterling and the Euro or dollar had been 10% higher/lower at the reporting date the effect on profit and equity would have been approximately £7,300 higher/lower and £17,400 higher/lower, respectively.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

19	Share capital	2017 £	2016 £	2015 £
	Allotted, called up and fully paid			
	- 547,655 Ordinary shares of £1	547,655	547,655	547,655

20	Operating lease commitments	2017 £	2016 £	2015 £
	Minimum operating lease payments falling due			
	Within 1 year – land and property	40,000	40,000	40,000

The company is holding over the lease with Invest NI on a rolling 1 year basis.

21 Retirement benefits obligations

The company operates a defined contribution scheme, the assets of which are managed separately from the company. During the year the company charged £34,733 to the statement of comprehensive income (2016: £5,278) in respect of Company contributions to the scheme. At the reporting date there was £4,481 (2016: £1,848, 2015: £1,176) payable to the scheme and included in other payables.

22 Transactions with related parties

The company had the following transactions with related parties during the year:

Invest Northern Ireland is a shareholder in the Company. The company received invoices for rent and estate services amounting to £49,295 (2016: £40,920). A balance of £24,235 (2016: £8,000, 2015: £3,147) was due and payable to Invest NI at the reporting date. The company received various grants during the year from Invest NI amounting to £45,674 (2016: £7,104).

Director Colin Walsh is also a director of Crescent Capital. During the year Crescent Capital charged the Company £10,000 (2016: £11,667) for his services as a director and at the reporting date an amount of £5,000 (2016: £23,334, 2015: £11,831) was payable to Crescent Capital.

Director Alan Mawson is also a director of Clarendon Fund Managers. During the year Clarendon Fund Managers charged the Company £33,641 (2016: £30,000) for his services as a director and at the reporting date an amount of £27,000 (2016: £24,310, 2015: £nil) was payable to Clarendon Fund Managers.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

23 Events after the reporting date

On 25th October 2017 a resolution for a capital reduction was passed. Under this capital reduction the Company's entire share premium as of that date of £6,161,269 was cancelled and credited to the profit and loss reserve.

24 Ultimate controlling party

There is no ultimate controlling party.

25 First time adoption of IFRS and restatements in respect of prior years

First time adoption of IFRS

These are the first financial statement to be prepared under IFRS rather than United Kingdom Generally Accepted Accounting Principles and this has resulted in a material impact on a number of disclosures and the amounts reported:

Adoption of IFRS 2 Share based payment has resulted in an employee expense of £128,953 (2016: £133,629) being recognised in the Statement of Comprehensive Income for employee share options granted in previous periods that have not yet vested. Deferred tax assets recognised include any deferred tax asset relating to share based payments.

Restatements in respect of prior years

The company has reviewed its accounting policies for the recognition of revenue that has resulted in income being recognised earlier than was reported in previous periods. A reduction in reported revenues for 2016 of £3,618 than previously reported (2015: £25,537 increase) has been recognised in the Statement of Comprehensive Income.

In addition, a deferred tax asset of £1,027,150 has been recognised at 31 March 2016 in respect of tax losses brought forward against which the offset of future profits is probable. An income tax credit of £1,126,903 has been recognised in the Statement of Comprehensive Income for the year ended 31 March 2016 as a result of this adjustment.

FUSION ANTIBODIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

25 First time adoption of IFRS and restatements in respect of prior years continued

The impact of first time adoption of IFRS and restatements in respect of prior years on reported results and net assets is as follows:

	2016	
	£	
Profit as previously reported		164,436
Share based payments under IFRS 2		(133,629)
Restatement of amount previously reported:		
Changes to revenue recognition		(3,618)
Recognition of deferred tax asset		1,126,903
Profit as reported in these financial statements		1,154,092
	2016	2015
	£	£
Net assets as previously reported	308,193	143,757
Restatement of amount previously reported:		
Movement in trade and other receivables	21,919	25,537
Movement in deferred tax asset	1,126,903	-
Net assets reported in these financial statements	1,457,015	169,294