Registered number: 05115093

MORVUS TECHNOLOGY LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2017

MORVUS TECHNOLOGY LIMITED
REGISTERED NUMBER:05115093

BALANCE SHEET
AS AT 31 OCTOBER 2017

	Note		2017 £		*2016 £*
Fixed assets					
Investments			**5,000,100**		*5,500,694*
			5,000,100		*5,500,694*
Current assets					
Debtors		**82,105**		*127,918*	
Cash at bank and in hand		**57,469**		*66,748*	
		139,574		*194,666*	
Creditors: amounts falling due within one year	4	**(2,958,320)**		*(10,966,045)*	
Net current liabilities			**(2,818,746)**		*(10,771,379)*
Total assets less current liabilities			**2,181,354**		*(5,270,685)*
Provisions for liabilities					
Other provisions	5	**-**		*(180,000)*	
			-		*(180,000)*
Net assets/(liabilities)			**2,181,354**		*(5,450,685)*
Capital and reserves					
Called up share capital	6		**220,106**		*138,840*
Share premium account			**26,300,869**		*17,644,977*
Profit and loss account			**(24,339,621)**		*(23,234,502)*
			2,181,354		*(5,450,685)*

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

The statement of comprehensive income has not been delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies' regime.

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

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Mr J D Beatson-Hird
Director
Date: 27.03.2018

The notes on pages 3 to 7 form part of these financial statements.

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

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 November 2015	**131,893**	**16,905,913**	**(21,159,021)**	**(4,121,215)**
Comprehensive income for the year				
Loss for the year	-	-	(2,075,481)	(2,075,481)
Shares issued during the year	6,947	739,064	-	746,011
At 1 November 2016	**138,840**	**17,644,977**	**(23,234,502)**	**(5,450,685)**
Comprehensive income for the year				
Loss for the year	-	-	(1,105,119)	(1,105,119)
Shares issued during the year	81,266	8,655,892	-	8,737,158
At 31 October 2017	**220,106**	**26,300,869**	**(24,339,621)**	**2,181,354**

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

1. Accounting policies

1.1 Basis of preparation of financial statements

Morvus Limited is a private limited company, limited by shares, incorporated in England and Wales. The address of the registered office is Aberllech, Pentre Bach, Brecon, Wales, LD3 8UB.

These financial statements are the first annual financial statements of the company prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" as applied in the context of the small entities regime. The first date at which FRS 102 was applied was 1 October 2015. The company prepared its financial statements in the previous year in accordance with the FRSSE (2015).

The transition to FRS 102 has resulted in no material changes in accounting policies or material adjustments to the profit and loss or equity of the company as previously reported.

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 398 of the Companies Act 2006 not to prepare group accounts.

1.2 Going concern

The company made a loss after tax for the period of £1,105,119 (2016: £2,075,481) and had net current liabilities of £2,818,746 (2016: £10,771,379) at 31 October 2017.

The directors have prepared cash flow forecasts for the 12 month period from the date of their approval of the financial statements. These forecasts include additional funding from investors.

Since the year end, additional funding has been received following a rights issue which the directors believe will enable the company to meet its future debts as they fall due. On this basis the directors consider it appropriate to prepare the financial statements on a going concern basis.

1.3 Turnover

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. Turnover is measured as the fair value of the consideration received or receivable, excluding value added tax.

1.4 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

1. Accounting policies (continued)

1.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'administrative expenses'.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

Estimations and judgements are evaluated at each reporting date and are based on historical experience as adjusted for current market conditions and other factors. Management makes estimates and assumptions concerning the future in preparing the financial statements and the actual results will not always reflect the accounting estimates made. The estimates and assumptions that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities of the Company are outlined below:

Valuation of investments
At each reporting date, the valuation of investments is reviewed to identify indicators of impairment. The Directors consider that the valuation of £5,000,100 is appropriate at 31 October 2017.

3. Employees

The average monthly number of employees, excluding directors, during the year was 1 *(2016 - 1)*.

4. Creditors: Amounts falling due within one year

	2017 £	*2016 £*
Other loans	**2,668,430**	*10,682,093*
Trade creditors	**161,159**	*189,294*
Amounts owed to group undertakings	**100**	*100*
Other creditors	**128,631**	*94,558*
	2,958,320	*10,966,045*

5. Provisions

	Legal dispute costs £
At 1 November 2016	**180,000**
Utilised in year	**(180,000)**
At 31 October 2017	**-**

6. Share capital

	2017 £	*2016 £*
Shares classified as equity		
Allotted, called up and fully paid		
220,106,000 *(2016 - 138,840,000)* Ordinary shares of £0.001 each	**220,106**	*138,840*

During the year 3,422,181 Ordinary £0.001 shares were issued for total consideration of £376,542.
During the year £8,360,616 of debt was converted into 77,845,587 Ordinary £0.001 shares.

7. Share based payments

On 18 October 2016, the shareholders resolved to grant share options to seven option holders under an HMRC Unapproved Share Option Scheme.

A total of 14,417,468 options were allotted with an exercise price of £0.001. 20% of these options vested on issue with 20% vesting annually thereafter until the close of the option period, being 18 October 2021.

8. Contingent liabilities

If the value of Morvus Technology Limited drops below £5,000,000, the intellectual property within Cardiff Biologicals Limited immediately becomes assignable to the original owners of the respective companies. The financial effect has not been recognised in the accounts, because in the directors' opinion, the possibility of occurence is remote, as the value of the core assets continue to increase through making good progress in clinical trials.

9. Related party transactions

During the period Morvus Technology Limited undertook the following related party transactions:

The company was charged £12,000 (2016: £12,000) in relation to directors' services by Fusion IP Cardiff Ltd (of which Mr D Baynes is a director). At the year-end Morvus Technology Limited owed £9,600 (2016: £36,200). £nil (2016: £328,259) was also held in loans.

The company was charged £nil (2016: £nil) in relation to directors' services by Sarum SICAV Plc of which Mr O de Giorgio-Miller is a director. At the year-end Sarum SICAV was owed £nil (2016: £nil). £nil (2016: £2,885,986) was also held in loans.

The company was charged £14,000 (2016: £14,000) by Sarum Capital LLP (of which Mr O de Giorgio-Miller is a partner). At the year-end Sarum Capital LLP was owed £2,000 (2016: £10,000).

During the year Morvus Technology Limited invoiced Morex Development Partners LLP (an LLP in which Morvus Technology Limited is a member) £11,317 (2016: £15,067) for management and cost recharges. At the year-end £4,545 (2016: £4,500) was due from Morex Development Partners LLP.

The company was charged £18,000 (2016: £18,000) in relation to directors' services by Men's Health Ltd (of which Mr M Wyllie is a director). At the year-end Men's Health Ltd was owed £22,064 (2016: £20,144).

The company was charged £60,000 (2016: £60,000) in relation to directors' services by Norwood Capital Ltd (of which Mr J Beatson-Hird is a partner). At the year-end, Norwood Capital Ltd was owed £6,461 (2016: £11,761).

The company was charged £60,000 (2016: £60,000) in relation to directors' services by Mr O de Giorgio-Miller. At the year-end Mr O de Giorgio-Miller was owed £15,358 (2016: £10,086).

At the year-end Sarum Partners LLP was owed £nil (2016: £370,677) by the company.

At the year-end the The SIPP Trustee Provider Ltd was owed £nil (2016: £177,842) by the company, in relation to the lifetime SIPP of the director, Mr J Beatson-Hird.

The company was charged £12,000 (2016: £12,000) in relation to management services by Mrs J C Phillips. At the year-end Mrs J C Phillips was owed £9,452 (2016: £11,761).

At the year-end Pelythera Pharma Limited was owed £100 (2016: £100) by the company.

At the year-end the company owed Mr M Wyllie £30,000 (2016: £nil) in relation to a loan from a director.

10. Post balance sheet events

Since the balance sheet date, the company has gained an additional £450,171 of funding by virtue of a rights issue.

11. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

12. Auditors' information

The auditors' report on the financial statements for the year ended 31 October 2017 was unqualified. and there were no matters to which the auditor drew attention by way of emphasis.

The audit report was signed by Andrew Edmonds (Senior Statutory Auditor) on behalf of Nexia Smith & Williamson.