

Registration number: 04358718

Biocleave Limited

Report and Unaudited Financial Statements

for the year ended 30 June 2022



Biocleave Limited

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Biocleave Limited

Company Information

Directors Mr S G C Sutcliffe
Dr E R Jenkinson
Mrs K E Stanley

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OX14 4SD

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Velocity Tower
1 St Mary's Square
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S1 4LP

Bankers HSBC Bank Plc
104 Duke Street
Barrow-in-Furness
Cumbria
LA14 1LR

Accountants BDO LLP
Thames Tower
Station Road
Reading
Berkshire
RG1 1LX

Biocleave Limited

Directors' Report for the Year Ended 30 June 2022

The directors present their annual report and the unaudited financial statements of Biocleave Limited ("the Company") for the year ended 30 June 2022.

Principal activity and future developments

The principal activity of the Company is the provision of consultancy services if requested, to other companies engaged in the development and commercialisation of proteins for the research use only market. Following the asset purchase agreement with BCL2020 Ltd in December 2020, which resulted in the transfer of certain of the Company's assets, liabilities and employees (under the Transfer of Undertakings (Protection of Employment) Regulations 2006) to BCL2020 Ltd, there has been little activity in the Company.

Results

The loss for the Company for the year ended 30 June 2022 was £25,000 (2021: profit of £11,735,000).

Dividends

The Directors do not recommend payment of a dividend (2021: £nil).

Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will have sufficient funds available to continue to trade for the foreseeable future. The Company recorded a loss after taxation for the year of £25,000 (2021: profit of £11,735,000.00) and had net assets of £11,000 (2021: net assets of £36,000) at the balance sheet date.

In December 2020, an agreement was reached with the holder of the convertible loan note for the loan notes to be terminated. Following the termination of the loan notes and the completion of the asset purchase agreement with BCL2020 Ltd, the Company has engaged in little trading activity and does not foresee this changing.

As in previous years, there are no bank facilities in place at the date of approval of the financial statements and the Company is operating within its cash reserves. Management have therefore prepared financial forecasts which estimate the likely cash requirements of the Company over a period including the next 12 months from the date of authorisation of the financial statements. The forecasts indicate that the Company will have sufficient funds to meet its liabilities as they fall due during the forecast period and therefore the Directors have therefore prepared these financial statements on a going concern basis.

Biocleave Limited

Directors' Report for the Year Ended 30 June 2022 (continued)

Directors' indemnities

Since 15 July 2015, the Company has maintained qualifying third party liability insurance for its Directors and officers against any such liabilities as referred to in Section 234 of the Companies Act 2006.

Directors

The directors, who held office during the year and up to the date of signing of the financial statement unless otherwise stated were as follows:

Mr S G C Sutcliffe

Dr E R Jenkinson

Mrs K E Stanley

Post balance sheet events

There have been no post balance sheet events that would require adjustment to or disclosure in the financial statements for the year ended 30 June 2022.

In preparing this report, the directors have taken advantage of the small companies' exemptions.

This report was approved by the Board and signed on its behalf by:



Mr S G C Sutcliffe
Director

Date: 30th March 2023

Biocleave Limited

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

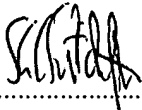
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the accounts have been prepared in accordance with UK adopted international accounting standards; 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 are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board on 30/3/2023 and signed on its behalf by:



Mr S G C Sutcliffe
Director

Date: 30th March 2023

Biocleave Limited

Chartered Accountants' Report to the Board of Directors on the preparation of the Unaudited Financial Statements of Biocleave Limited for the year ended 30 June 2022

In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of Biocleave Limited for the year ended 30 June 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes from the Company's accounting records and from information and explanations you have given us.

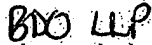
As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation/a-z>.

It is your duty to ensure that Biocleave Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and loss of Biocleave Limited. You consider that Biocleave Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or a review of the financial statements of Biocleave Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

Use of our report

This report is made solely to the Board of Directors of Biocleave Limited, as a body, in accordance with the terms of our engagement letter dated 24 February 2023. Our work has been undertaken solely to prepare for your approval the financial statements of Biocleave Limited and state those matters that we have agreed to state to the Board of Directors of Biocleave Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Biocleave Limited and its Board of Directors as a body for our work or for this report.

DocuSigned by:

B062F06F8839442...

BDO LLP
Chartered Accountants
Reading
United Kingdom

30-Mar-2023 | 14:49 BST
Date:.....

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Biocleave Limited

Statement of Comprehensive Income for the Year Ended 30 June 2022

	Note	2022 £ 000	2021 £ 000
Revenue		-	-
Cost of sales		-	(441)
Gross loss		-	(441)
Administrative expenses		(25)	(265)
Other operating income	6	-	304
Operating loss	7	(25)	(402)
Finance income		-	12,110
Finance costs		-	(70)
Net finance income	10	-	12,040
(Loss)/profit on ordinary activities before taxation		(25)	11,638
Income tax credit	11	-	97
(Loss)/profit for the year		(25)	11,735
Other comprehensive income		-	-
Total comprehensive (loss)/income for the year		(25)	11,735

The results stated above are derived from continuing activities.

The notes on pages 11 to 25 form part of these financial statements.

Biocleave Limited

(Registration number: 04358718)
Statement of Financial Position as at 30 June 2022

	Note	30 June 2022 £ 000	30 June 2021 £ 000
Assets			
Non-current assets			
Property, plant and equipment	12	-	-
Right of use asset	13	-	-
		<u>-</u>	<u>-</u>
Current assets			
Trade and other receivables	14	26	88
Current tax receivable		40	94
Cash and cash equivalents		51	3
		<u>117</u>	<u>185</u>
Total assets		117	185
Liabilities			
Current liabilities			
Trade and other payables	15	(106)	(149)
Net assets/(liabilities)		<u>11</u>	<u>36</u>
Equity			
Share capital		14	14
Share premium account		119,520	119,520
Accumulated losses		(119,523)	(119,498)
Total equity		<u>11</u>	<u>36</u>

The notes on pages 11 to 25 form part of these financial statements.

Biocleave Limited

(Registration number: 04358718)


Statement of Financial Position as at 30 June 2022 (continued)

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

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



.....
Mr S G C Sutcliffe
Director

Date: 30th March 2023

The notes on pages 11 to 25 form part of these financial statements.

Biocleave Limited

Statement of Changes in Equity for the Year Ended 30 June 2022

	Share capital £ 000	Share premium account £ 000	Accumulated losses £ 000
	14	119,520	(131,233)
Profit for the year	-	-	11,735
Profit for the year	-	-	11,735
1	14	119,520	(119,498)
	14	119,520	(119,498)
Loss for the year	-	-	(25)
Loss for the year	-	-	(25)
2	14	119,520	(119,523)

The notes on pages 11 to 25 form part of these financial statements.

Biocleave Limited

Statement of Cash Flows for the Year Ended 30 June 2022

	Note	2022 £ 000	2021 £ 000
Cash flows from operating activities			
(Loss)/profit for the year		(25)	11,735
<i>Adjustments to cash flows</i>			
Depreciation on property, plant and equipment	7	-	26
Depreciation on right of use assets	7	-	62
Loss on disposal of property, plant and equipment	7	-	202
Finance income	10	-	(12,110)
Finance costs	10	-	70
Income tax credit	11	-	(98)
		-	(11,848)
<i>Working capital adjustments</i>			
Decrease in trade and other receivables		62	173
Decrease in trade and other payables		(43)	(266)
Cash used in operations		(6)	(206)
Income taxes received		54	182
Net cash flows generated from/(used in) operating activities		48	(24)
Cash flows used in investing activities			
Acquisitions of property, plant and equipment	12	-	(12)
Net cash flows used in investing activities		-	(12)
Cash flows from financing activities			
Repayment of lease liabilities	13	-	(39)
Payment for termination of convertible loan notes		-	(50)
Net cash flows used in financing activities		-	(89)
Net increase/(decrease) in cash and cash equivalents		48	(125)
Cash and cash equivalents at 1 July		3	128
Cash and cash equivalents at 30 June		51	3

The notes on pages 11 to 25 form part of these financial statements.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022

1 General information

Biocleave Limited ("the Company") is a private company limited by share capital, incorporated and domiciled in England and Wales under the Companies Act 2006. The address of the registered office is disclosed on page 1. The principal activity of the Company is the provision of consultancy services if requested, to other companies engaged in the development and commercialisation of proteins for the research use only market. Following the asset purchase agreement with BCL2020 Ltd in December 2020, which resulted in the transfer of certain of the Company's assets, liabilities and employees (under the Transfer of Undertakings (Protection of Employment) Regulations 2006) to BCL2020 Ltd, there has been little activity in the Company.

2 Significant accounting policies

Basis of preparation

The principal accounting policies adopted by the Company in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated. The financial statements are presented in Pound Sterling which is also the Company's functional currency. Amounts are rounded to the nearest thousand, unless otherwise stated.

These financial statements have been prepared in accordance with UK adopted international accounting standards. The financial statements have been prepared on a going concern basis and under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value.

The preparation of financial statements in compliance with UK adopted international accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statement and their effect are disclosed in note 3.

Going concern

These financial statements have been prepared on a going concern basis, which assumes the Company will have sufficient funds available to enable it to continue to trade for the foreseeable future. The Company recorded a loss after taxation for the year of £25,000 (2021: profit of £11,735,000) and had net assets of £11,000 (2021: net assets of £36,000) at the reporting date.

In December 2020, an agreement was reached with the holder of the convertible loan note for the loan notes to be terminated. Following the termination of the loan notes and the completion of the asset purchase agreement with BCL2020 Ltd, the Company has engaged in little trading activity and does not foresee this changing.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

Going concern (continued)

As in previous years, there are no bank facilities in place at the date of approval of the financial statements and the Company is operating within its cash reserves. Management have therefore prepared financial forecasts which estimate the likely cash requirements of the Company over a period including the next 12 months from the date of authorisation of the financial statements. The forecasts indicate that the Company will have sufficient funds to meet its liabilities as they fall due during the forecast period and therefore the Directors have therefore prepared these financial statements on a going concern basis.

Changes in accounting policy

a) New standards, interpretations and amendments adopted from 1 January 2021

The following amendments are mandatorily effective for periods beginning on or after 1 January 2021:

- Interest Rate Benchmark Reform - IBOR 'phase 2' (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16); and
- COVID-19 related rent concessions beyond 30 June 2021 (Amendments to IFRS 16).

None of these standards have a material impact on the Company.

b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB and endorsed by the UK Endorsement Board that are effective in future accounting periods that the Company has decided not to adopt early.

The following are all effective for periods beginning on or after 1 January 2022:

- Annual Improvements to IFRS Standards - 2018-2020 (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37); and
- References to Conceptual Framework (Amendments to IFRS 3).

The following is effective for the period beginning 1 January 2023:

- IFRS 17 Insurance Contracts.

The Company does not expect these or any other standards issued by the IASB, but not yet effective, to have a material impact on the Company.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

Foreign currency translation

Functional and presentational currency

The Company's functional and presentational currency is Pound Sterling (GBP).

Transactions and balances

Transactions in foreign currencies are recorded at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies reported at exchange rates prevailing at the balance sheet date. Foreign exchange gains and losses that relate to borrowings are presented in the Statement of Comprehensive Income within other income and administrative expenses respectively. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income on a net basis within other administrative expenses.

Other operating income

Other operating income relates to government grants and other miscellaneous income. Grants are recognised at their fair value, in the statement of comprehensive income, in the same period as the related expenditure has been incurred and where there is a reasonable assurance that the grant will be received and that the Company will comply with all conditions attached to the award.

Research and development

Research expenditure is recognised as an expense in administration expenses as incurred. Development costs are assessed to consider if they meet the capitalisation criteria set out by IAS 38. Development costs not meeting the criteria for capitalisation are expensed as incurred.

Pensions

The Company operates defined contribution personal pension schemes for its employees. Contributions are charged to the statement of comprehensive income as they become payable in accordance with the rules of the scheme.

Tangible assets

Property, plant and equipment

Property, plant and equipment is stated at cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. All borrowing costs are recognised in net finance costs in the period in which they are incurred.

Depreciation is calculated to write off the cost less the expected residual values over their expected useful economic lives using the straight-line basis as follows:

	Years
Leasehold improvements	the lease term
Plant and equipment	1-15

Residual values and useful lives are reviewed annually and adjusted if appropriate.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

Tangible assets (continued)

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. If any such indication exists, the entity estimates the recoverable amount of the asset. An asset is impaired when its carrying amount exceeds its recoverable amount. To the extent the carrying value exceeds the recoverable amount, the difference is recorded as an expense in the statement of comprehensive income. The recoverable amount used for impairment testing is the higher of the value in use and fair value less costs of disposal. For the purpose of impairment testing, assets are grouped at the lowest level for which there are separately identifiable cash inflows which are largely independent of cash inflows from other assets or groups of assets, determined as a cash generating unit ("CGU").

Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Company's incremental borrowing rate on commencement of the lease is used.

Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations)

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified on initial recognition as at amortised cost, at fair value through other comprehensive income (OCI), or at fair value through profit or loss. The classification of financial assets on initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. In order for a financial asset to be measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest' on the principal amount outstanding. This assessment is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified into the following categories:

Financial assets at amortised cost

The Company measures financial assets at amortised cost when both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate method and are subject to impairment. Gains or losses are recognised in the statement of comprehensive income when the asset is derecognised, modified or impaired. The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Financial assets at fair value through other comprehensive income and at fair value through profit or loss

The Company does not hold any financial assets either classified at fair value through other comprehensive income or at fair value through profit or loss.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

2 Significant accounting policies (continued)

Financial instruments (continued)

Impairment

The Company assesses at each financial position date whether there is objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence (such as a financial difficulty of the obligor, breach of contract, or it becomes probable that the debtor will enter bankruptcy) the asset is tested for impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the statement of comprehensive income as incurred.

Financial liabilities

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit or loss or other liabilities, as appropriate. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Unless otherwise indicated, the carrying amounts of the Company's financial liabilities are a reasonable approximation of their fair values.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently at amortised cost using the effective interest method. The effect of discounting on these financial instruments is not considered to be material. Trade payables are not interest bearing.

Current and deferred tax

Current taxation is recognised in the statement of comprehensive income based on the amounts expected to be paid or recovered under the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognised when the carrying amount of an asset or liability in the statement of financial position differs from its tax base. Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference may be utilised.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the Company to make estimates and judgements that affect the reported amounts.

Estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The directors have concluded that there are no critical judgements, estimates or assumptions considered to have had a significant effect on the amounts recognised in the financial statements.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

4 Financial instruments - risk management

The Company is exposed through its operations to the following financial risks:

- Market risk;
- Credit risk; and
- Liquidity risk.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company finances its operations from shareholder cash. The directors have concluded that interest rate risk is not deemed material to the Company.

Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a currency other than its functional currency. The Company's policy is, where possible, to settle liabilities denominated in the functional currency with the cash generated from their own operations in that currency. The Company has bank accounts denominated in both US Dollars (USD) and Euros (EUR) for this purpose.

	Cash and cash equivalents	
	As at June 2022 £ 000	As at June 2021 £ 000
USD	2	-
EUR	1	1
Total	<u>3</u>	<u>1</u>

Credit risk

Credit risk arises from other receivables as well as cash and cash equivalents with banks.

Trade and other receivables

The Company does not have trade receivables and does not have any significant credit risk exposure to any single counterparty. No impairment provision on the Company's other receivables has been recognised. No receivables are past due.

Cash and cash equivalents

The credit risk on liquid funds is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

4 Financial instruments - risk management (continued)

Liquidity risk

The Company manages its capital to ensure that it will be able to continue as a going concern, whilst maximising the return to stakeholders. The capital structure of the Company consists of cash and cash equivalents and equity.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Rolling 6-month cash flow projections are reviewed by senior management on a monthly basis to understand the funding requirement of the business and financing activities are progressed as needed.

At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

At 30 June 2022 and 2021, all of the Company's trade and other payables are due to be paid within 3 months.

5 Capital management

The Company monitors capital which comprises all equity (i.e. share capital, share premium and accumulated losses) totalling £11,000 (2021: £36,000). The Company's objective when maintaining capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, sell assets to reduce debt or return capital to shareholders.

6 Other operating income

The analysis of the Company's other operating income for the year is as follows:

	2022	2021
	£ 000	£ 000
Government grants	<u>-</u>	<u>304</u>

The prior year balance relates to income received from the government during the year with regard to a Bester grant from Innovate UK and a Small Business Research Initiative ("SBRI") grant.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

7 Operating loss

Arrived at after charging/(crediting)

	2022	2021
	£ 000	£ 000
Depreciation expense on property, plant and equipment	-	26
Depreciation expense on right-of-use assets	-	62
Research and development costs	-	437
Loss on disposal of property, plant and equipment	-	202
Foreign exchange loss	-	3
Release of dilapidation provision	-	(96)

During the year accountancy services were provided and recharged by BCL2020 Ltd.

8 Employees

The average number of employees of the Company, including directors, during the year was:

	2022	2021
	No.	No.
Administration	-	1
Research	-	6
	-	7

The aggregate payroll costs (including directors' remuneration) were as follows:

	2022	2021
	£'000	£'000
Wages and salaries	-	200
Social security costs	-	24
Other pension costs	-	10
	-	234

During the year, the Company had no employees. In the prior year the Company operated a defined contribution pension scheme for all eligible employees. The pension charge represented the amounts payable to the funds in the year.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

9 Directors' remuneration

	2022	2021
	£'000	£'000
Aggregate emoluments	44	56
Company contributions to defined contribution pension scheme	2	3
	46	59

During the year, one of the directors received remuneration for their services to the Company; these costs were recharged to Biocleave Limited from BCL2020 Ltd. No other directors received remuneration for their services to the Company, which were incidental to their main employment by BCL2020 Limited. The number of directors accruing pension benefits was 1 (2021: 1).

10 Finance income and costs

	2022	2021
	£ 000	£ 000
Finance income		
Net gains on write off of convertible loan notes	-	11,119
Foreign exchange gains on convertible loan notes	-	991
Total finance income	-	12,110
Finance costs		
Interest expense on lease liabilities	-	(20)
Fee on termination of convertible loan notes	-	(50)
Total finance costs	-	(70)
Net finance income	-	12,040

11 Income tax

	2022	2021
	£ 000	£ 000
Tax credited to statement of comprehensive income		
Research and development tax credit	-	(39)
Adjustment for under-provision of research and development tax credits in prior periods	-	(58)
	-	(97)

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

11 Income tax (continued)

The tax assessed for the year is higher than (2021: lower than) the standard rate of corporation in the UK of 19% (2021: 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
(Loss)/profit before tax	(25)	11,638
Corporation tax (credit)/charge at standard rate	(5)	2,211
Fixed asset timing differences	-	93
Income not taxable for tax purposes	-	(2,103)
Expenses not deductible for tax purposes	-	29
Deferred tax not recognised	6	731
Remeasurement of deferred tax for changes in tax rates	(1)	(970)
Research and development tax credits	-	(88)
Total tax charge/(credit)	-	(97)

Factors that may affect future tax charges

On 24 May 2021, the main rate of corporation tax was increased to 25% with effect from 1 April 2023. Deferred taxes at the reporting date have been measured and reflected in these financial statements using the substantively enacted tax rate at the year end of 25%.

At 30 June 2022 the Company had an unrecognised deferred tax asset of £4,046,000 (2021: £4,040,000) relating to tax losses. The deferred tax asset has not been recognised in these financial statements as its future recoverability is uncertain.

There were no other factors that may affect future tax charges.

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

12 Property, plant and equipment

	Leasehold improvements £ 000	Plant and equipment £ 000	Total £ 000
Cost			
At 1 July 2020	265	1,233	1,498
Additions	-	12	12
Disposals	<u>(265)</u>	<u>(1,245)</u>	<u>(1,510)</u>
At 30 June 2021 and 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation			
At 1 July 2020	69	1,183	1,252
Charge for year	11	15	26
Eliminated on disposal	<u>(80)</u>	<u>(1,198)</u>	<u>(1,278)</u>
At 30 June 2021 and 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amount			
At 30 June 2021 and 30 June 2022	<u>-</u>	<u>-</u>	<u>-</u>
At 1 July 2020	<u>196</u>	<u>50</u>	<u>246</u>

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

13 Leases

During the prior year, the Company disposed of its leases by assigning all rights and obligations with regard to its lease arrangements to BCL2020 Ltd.

Right of use assets

	Land and Buildings £ 000	Total £ 000
Cost		
At 1 July 2020	1,048	1,048
Disposals	<u>(1,048)</u>	<u>(1,048)</u>
At 30 June 2021 and 2022	<u>-</u>	<u>-</u>
Depreciation		
At 1 July 2020	124	124
Charge for year	62	62
Disposals	<u>(186)</u>	<u>(186)</u>
At 30 June 2021 and 2022	<u>-</u>	<u>-</u>
Net book value		
At 30 June 2021 and 2022	<u>-</u>	<u>-</u>
At 30 June 2020	<u>924</u>	<u>924</u>

Lease liabilities

	2022 £ 000	2021 £ 000
At the beginning of the year	-	911
Additions	-	-
Interest expense	-	20
Lease payments	-	(39)
Disposals	<u>-</u>	<u>(892)</u>
At the end of the year	<u>-</u>	<u>-</u>

	2022 £ 000	2021 £ 000
Low value lease expense		
Plant and machinery	<u>-</u>	<u>1</u>

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

14 Trade and other receivables

	2022	As restated
	£ 000	2021
		£ 000
Other receivables	17	54
Prepayments	9	34
	26	88
	26	88

At the prior year end, amounts totalling £6,000 were disclosed as being receivables from related parties. The directors have now reassessed the relationship between Biocleave Ltd and BCL2020 Ltd and have determined that they are not related parties. Therefore the prior year amount of £6,000 has been reclassified to other receivables.

15 Trade and other payables

	2022	As restated
	£ 000	2021
		£ 000
Due in < 1 year		
Trade payables	4	23
Other taxes and social security	-	2
Other creditors and accruals	102	124
	106	149
	106	149

At the prior year end, amounts totalling £3,000 were disclosed as being due to related parties. The directors have now reassessed the relationship between Biocleave Ltd and BCL2020 Ltd and have determined that they are not related parties. Therefore the prior year amount of £3,000 has been reclassified to other creditors and accruals.

16 Contractual commitments

Leasing commitments

The Company's total commitments under non-cancellable operating leases are as follows:

	2022	2021
	£ 000	£ 000
Other operating leases that expire:		
Within one year	-	1
After one year and not later than five years	-	1
	-	2
	-	2

Biocleave Limited

Notes to the Financial Statements for the Year Ended 30 June 2022 (continued)

16 Contractual commitments (continued)

Capital commitments

The Company has £nil capital commitments at the end of the year (2021: £nil).

17 Share capital

	2022	2022	2021	2021
	No. '000	£ 000	No. '000	£ 000
Allotted, called up and fully paid ordinary shares of £0.0001 each	<u>140,000</u>	<u>14</u>	<u>140,000</u>	<u>14</u>

All classes of ordinary shares have a nominal value of £0.0001 each.

Called up share capital

Called up share capital represents the nominal value of the shares issued.

Share premium

Share premium account includes the premium on issue of equity shares, net of any issue costs.

Accumulated losses

The accumulated losses account represent cumulative profits or losses, net of dividends paid and other adjustments.

18 Related party transactions

The Directors of the Company had the following interest in the shares and share options of the Company at the end of the year:

	2022	2021
	No	No
Ordinary shares		
Sean Sutcliffe	24,274,359	24,274,359
Elizabeth Jenkinson	52,016,484	52,016,484
Karen Stanley	<u>24,274,359</u>	<u>24,274,359</u>

19 Subsequent events

There have been no post balance sheet events that would require adjustment to or disclosure in the financial statements for the year ended 30 June 2022.