

**CN BIO INNOVATIONS LIMITED**

**Company Registration Number:  
06517359 (England and Wales)**

**Unaudited statutory accounts for the year ended 31 December 2022**

**Period of accounts**

**Start date: 01 January 2022**

**End date: 31 December 2022**

# **CN BIO INNOVATIONS LIMITED**

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# CN BIO INNOVATIONS LIMITED

## Company Information

for the Period Ended 31 December 2022

**Director:**

M S H Coleman

H H C Chong

D J Hughes

A Tse Po Shing

A Xiong

M D C Scales

**Registered office:**

30  
Upper High Street  
Thame  
Oxfordshire  
OX9 3EZ

**Company Registration Number:**

06517359 (England and Wales)

# CN BIO INNOVATIONS LIMITED

## Directors' Report Period Ended 31 December 2022

The directors present their report with the financial statements of the company for the period ended 31 December 2022

### Principal Activities

The company specialises in single and multi-organ micro physiological systems and innovate laboratory technologies to enhance the drug development journey.

### Additional information

The company manufactures and sells its PhysioMimix Platform alongside the provision of studies as a service and continues investing in research & development of new products and services.

### Directors

**The directors shown below have held office during the whole of the period from 01 January 2022 to 31 December 2022**

M S H Coleman

H H C Chong

A Tse Po Shing

A Xiong

M D C Scales

**The director(s) shown below resigned during the period**

D J Hughes

16 November 2022

**This report was approved by the board of directors on 20 December 2023**

**And Signed On Behalf Of The Board By:**

Name: M S H Coleman

Status: Director

# CN BIO INNOVATIONS LIMITED

## Profit and Loss Account

for the Period Ended 31 December 2022

	<i>Notes</i>	<i>2022</i>	<i>2021</i>
		£	£
Turnover		2,131,336	1,672,453
Cost of sales		( 1,278,086 )	( 915,619 )
Gross Profit or (Loss)		853,250	784,976
Income from coronavirus (COVID-19) business support grants		0	28,142
Distribution Costs		( 1,419,101 )	( 759,424 )
Administrative Expenses		( 3,528,220 )	( 3,234,290 )
Other operating income		162,272	200,717
<b>Operating Profit or (Loss)</b>		<b>( 3,931,799 )</b>	<b>( 3,008,021 )</b>
Interest Receivable and Similar Income		-	743
Interest Payable and Similar Charges		( 188,990 )	( 6,019 )
<b>Profit or (Loss) Before Tax</b>		<b>( 4,120,789 )</b>	<b>( 3,013,297 )</b>
Tax on Profit		( 0 )	( 0 )
<b>Profit or (Loss) for Period</b>		<b>( 4,120,789 )</b>	<b>( 3,013,297 )</b>

The notes form part of these financial statements

# CN BIO INNOVATIONS LIMITED

## Balance sheet

As at 31 December 2022

	<i>Notes</i>	<i>2022</i> £	<i>2021</i> £
<b>Fixed assets</b>			
Intangible assets:	4	327,055	272,469
Tangible assets:	5	750,629	685,723
<b>Total fixed assets:</b>		1,077,684	958,192
<b>Current assets</b>			
Stocks:		746,337	461,998
Debtors:	6	779,638	790,608
Cash at bank and in hand:		3,399,215	248,672
<b>Total current assets:</b>		4,925,190	1,501,278
Prepayments and accrued income:		338,285	195,162
Creditors: amounts falling due within one year:	7	( 438,816 )	( 634,228 )
<b>Net current assets (liabilities):</b>		4,824,659	1,062,212
Total assets less current liabilities:		5,902,343	2,020,404
Creditors: amounts falling due after more than one year:	8	( 6,884,381 )	( 491,371 )
Provision for liabilities:		( 29,354 )	( 104,159 )
Accruals and deferred income:		( 482,558 )	( 492,870 )
<b>Total net assets (liabilities):</b>		( 1,493,950 )	932,004

The notes form part of these financial statements

# CN BIO INNOVATIONS LIMITED

## Balance sheet continued

As at 31 December 2022

	<i>Notes</i>	<i>2022</i> £	<i>2021</i> £
<b>Capital and reserves</b>			
Called up share capital:		3,874	3,874
Revaluation reserve:	9	23,851,864	22,157,029
Profit and loss account:		( 25,349,688 )	( 21,228,899 )
<b>Shareholders funds:</b>		<u>( 1,493,950 )</u>	<u>932,004</u>

For the year ending 31 December 2022 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

**This report was approved by the board of directors on 20 December 2023**

**And Signed On Behalf Of The Board By:**

Name: M S H Coleman

Status: Director

The notes form part of these financial statements

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 1. Accounting policies

#### Basis of measurement and preparation

These financial statements have been prepared in accordance with the provisions of Section 1A (Small Entities) of Financial Reporting Standard 102

#### Turnover policy

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the service provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

#### Tangible fixed assets depreciation policy

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight line\* basis over its expected useful life, as follows:

Leasehold Improvements 10 years useful life (2021: 10% per annum)

Laboratory equipment 5 years useful life (2021: 33% per annum)

Office equipment 5 years useful life (2021: 33% per annum)

Computer equipment 3 years useful life (2021: 33% per annum)

Leased assets 3 years useful life (2021: 33% per annum)

\*There has been a change in the accounting estimate for the depreciation method and useful life of assets from reducing balance to a straight-line method following the introduction of a new ERP system. The change does not affect historic calculations and is applied prospectively from January 1 2022. The quantification of the change and the financial effects in comparing the two estimates are disclosed in Note 11.

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

#### Intangible fixed assets amortisation policy

Separately acquired patents and trademarks are included at cost and amortised in equal annual instalments over a period of 10 years which is their estimated useful economic life. Provision is made for any impairment.

#### Valuation information and policy

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 1. Accounting policies (continued)

#### Other accounting policies

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires. Investments in subsidiaries are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 2. Employees

	<i>2022</i>	<i>2021</i>
Average number of employees during the period	45	36

The Company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the year ended 31 December 2022 was £97,563 (2021: £75,943). The amount outstanding at the year-end was £1,650 (2021: £nil).

# **CN BIO INNOVATIONS LIMITED**

## **Notes to the Financial Statements**

**for the Period Ended 31 December 2022**

### **3. Off balance sheet disclosure**

No

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 4. Intangible assets

		Other		Total
Cost	£		£	
At 01 January 2022		329,426		329,426
Additions		92,606		92,606
Disposals		(0)		(0)
Revaluations		0		0
Transfers		0		0
At 31 December 2022		<u>422,032</u>		<u>422,032</u>
<b>Amortisation</b>				
Amortisation at 01 January 2022		56,957		56,957
Charge for year		38,020		38,020
On disposals		(0)		(0)
Other adjustments		0		0
Amortisation at 31 December 2022		<u>94,977</u>		<u>94,977</u>
<b>Net book value</b>				
Net book value at 31 December 2022		<u>327,055</u>		<u>327,055</u>
Net book value at 31 December 2021		<u>272,469</u>		<u>272,469</u>

As of 31 December 2022, the company had entered contractual obligations of £5,978 for the acquisition of intangible assets.

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 5. Tangible assets

	Land & buildings	Plant & machinery	Fixtures & fittings	Office equipment	Total
Cost	£	£	£	£	£
At 01 January 2022	524,315	496,983	65,459	53,363	1,140,120
Additions	86,184	178,985	2,562	6,762	274,493
Disposals	-	(57,807)	(97)	-	(57,904)
Revaluations	-	-	-	-	-
Transfers	-	-	-	-	-
At 31 December 2022	<u>610,499</u>	<u>618,161</u>	<u>67,924</u>	<u>60,125</u>	<u>1,356,709</u>
<b>Depreciation</b>					
At 01 January 2022	95,531	292,778	38,576	27,512	454,397
Charge for year	59,302	78,156	9,303	20,996	167,757
On disposals	-	(16,057)	(16)	-	(16,073)
Other adjustments	-	(1)	-	-	(1)
At 31 December 2022	<u>154,833</u>	<u>354,876</u>	<u>47,863</u>	<u>48,508</u>	<u>606,080</u>
<b>Net book value</b>					
At 31 December 2022	<u>455,666</u>	<u>263,285</u>	<u>20,061</u>	<u>11,617</u>	<u>750,629</u>
At 31 December 2021	<u>428,784</u>	<u>204,205</u>	<u>26,883</u>	<u>25,851</u>	<u>685,723</u>

As of 31 December 2022, the company had entered contractual obligations of £42,346 for the acquisition of tangible assets.

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 6. Debtors

	<i>2022</i>	<i>2021</i>
	<i>£</i>	<i>£</i>
Trade debtors	487,242	538,630
Other debtors	292,396	251,978
Total	<u>779,638</u>	<u>790,608</u>

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 7.Creditors: amounts falling due within one year note

	<i>2022</i>	<i>2021</i>
	<i>£</i>	<i>£</i>
Trade creditors	<b>365,266</b>	605,231
Taxation and social security	<b>72,431</b>	1,475
Other creditors	<b>1,119</b>	27,522
<b>Total</b>	<b>438,816</b>	634,228

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 8.Creditors: amounts falling due after more than one year

	<i>2022</i>	<i>2021</i>
	<i>£</i>	<i>£</i>
Other creditors	<b>6,884,381</b>	491,371
<b>Total</b>	<b>6,884,381</b>	491,371

The Company has issued convertible loan notes during the year. In the directors' judgement, the terms of issues of these notes are such that the conversion of the convertible loan notes into equity is probable. Consequently, in accordance with the accounting policies described in note 1, these convertible loan notes have been recognised as a financial instrument with an element split between financial liabilities and equity within these financial statements.

The company received convertible loans with a principal value of £7.9m during 2022. The loans are convertible into ordinary shares of the Company in the event of a fundraising round, convertible at 1 share per £94.80 loan note. Interest of 5 per cent is accrued up until conversion or redemption. Using an estimated market rate for similar debt (range 17.25% - 20.0%) the company has converted the principal and interest payable between the present value of the debt portion £6.2m and convertible option reserve £1.7m.

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 9. Revaluation reserve

	<i>2022</i>
	<i>£</i>
Balance at 01 January 2022	22,157,029
Surplus or deficit after revaluation	1,694,835
Balance at 31 December 2022	<u>23,851,864</u>

The financial statements include a prior period restatement in relation to the recording of the impact of convertible loan notes in 2021 and the corresponding reporting of Share Capital and Share Premium in Capital & Reserves. The impact of the Convertible Loan Notes has been reclassified as a Convertible Option Reserve for both 2021 & 2022 reporting.

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 10. Financial Commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

2021

within one year £230,024

between 2 & 5 years £920,094

greater than 5 years £605,939

2022

within one year £259,184

between 2 & 5 years £1,036,734

greater than 5 years £486,413

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 11.1.Related party disclosures

Name of related party: **MedInnovate Ltd**

Description of relationship:

**A company of which M S H Coleman is a director**

Description of the transaction:

**During the year the Company paid £41,163 (2021 - £39,996) to MedInnovate Ltd, a company of which M S H Coleman is a director, £nil was outstanding as at the year-end (2021 - £23,331).**

Balance at 01 January 2022 **23,331**

Balance at 31 December 2022 **0**

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Name of related party: **David Scales**

Description of relationship:

**Company made payments to David Scales as a Director**

Description of the transaction:

**During the year the Company paid £21,724 (2021 - £15,126) to David Scales, £6,221 was outstanding as at the year-end (2021 - £6,250).**

Balance at 01 January 2022 **6,250**

Balance at 31 December 2022 **6,221**

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 11.2.Related party disclosures

Name of related party: **PIR Limited**

Description of relationship:

**Company of which MSH Coleman is a director**

Description of the transaction:

**During the year the Company paid £3,000 (2021: nil) to PIR limited, a company of which M S H Coleman is a director, of which £3,000 was outstanding as at the year end (2021: nil).**

Balance at 01 January 2022 **0**

Balance at 31 December 2022 **3,000**

# CN BIO INNOVATIONS LIMITED

## Notes to the Financial Statements

for the Period Ended 31 December 2022

### 12. Post balance sheet events

During 2023, CN Bio Innovations Limited has continued to receive support and financing from its investors in the form of Convertible Loans, as follows:

Date received Investor Cash value

20 Jan 2023 CN Innovations £200,000

14 Aug 2023 CN Innovations £600,000

19 Oct 2023 Simford Holding £393,924

20 Oct 2023 CN Innovations £86,076

16 Nov 2023 Simford Holding £420,000

The terms of the loan remain the same as other convertible loans issued , using an estimated market rate for similar debt (range 20.0% - 20.25%) the company has converted the principal £1.7m and interest payable between the present value of the debt portion £1.3m and Convertible Option Reserve £0.4m.

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