

**NEWCELLS BIOTECH LIMITED**

**FINANCIAL STATEMENTS**

**INFORMATION FOR FILING WITH THE REGISTRAR**

**FOR THE YEAR ENDED 31 JANUARY 2021**

---

**NEWCELLS BIOTECH LIMITED**  
**REGISTERED NUMBER: 09389592**

---

**BALANCE SHEET**  
**AS AT 31 JANUARY 2021**

---

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	4	77,312	103,976
Tangible assets	5	432,561	258,935
		<u>509,873</u>	<u>362,911</u>
<b>Current assets</b>			
Stocks		71,768	79,234
Debtors: amounts falling due within one year	6	559,156	315,263
Cash at bank and in hand	7	5,012,703	1,206,326
		<u>5,643,627</u>	<u>1,600,823</u>
Creditors: amounts falling due within one year	8	(1,064,075)	(769,122)
<b>Net current assets</b>		<u>4,579,552</u>	<u>831,701</u>
<b>Total assets less current liabilities</b>		<u>5,089,425</u>	<u>1,194,612</u>
Creditors: amounts falling due after more than one year	9	(167,211)	(103,771)
<b>Net assets</b>		<u><u>4,922,214</u></u>	<u><u>1,090,841</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	51	29
Share premium account		6,947,582	1,984,183
Profit and loss account		(2,025,419)	(893,371)
		<u>4,922,214</u>	<u>1,090,841</u>

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.

Apache

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

The Company has opted not to file the statement of comprehensive income in accordance with 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 on 30 July 2021.

**Dr M J Nicholds**

---

**NEWCELLS BIOTECH LIMITED**  
**REGISTERED NUMBER: 09389592**

---

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 JANUARY 2021**

---

Director

The notes on pages 4 to 13 form part of these financial statements.

---

NEWCELLS BIOTECH LIMITED

---

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 JANUARY 2021

---

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 February 2019	29	1,984,183	(287,429)	1,696,783
Loss for the year	-	-	(605,942)	(605,942)
At 1 February 2020	29	1,984,183	(893,371)	1,090,841
Loss for the year	-	-	(1,132,048)	(1,132,048)
<b>Total comprehensive income for the year</b>	-	-	<b>(1,132,048)</b>	<b>(1,132,048)</b>
Shares issued during the year	22	4,963,399	-	4,963,421

<u>51</u>	<u>6,947,582</u>	<u>(2,025,419)</u>	<u>4,922,214</u>
-----------	------------------	--------------------	------------------

---

**NEWCELLS BIOTECH LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021**

---

**1. General information**

Newcells Biotech Limited is a private company limited by shares incorporated in England and Wales. The registered office is Time Central, 32 Gallowgate, Newcastle upon Tyne, NE1 4BF. The company number is 09389592  
The principal activity of the company is the commercial exploitation of induced pluripotent stem cells.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The financial statements have been prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The following principal accounting policies have been applied:

**2.2 Going concern**

Despite the loss in the year of £1,132,048 and the deficit on its profit and loss account of £2,025,419, the Company is operating in line with expectations and the directors are satisfied that the company has sufficient liquid resources to support the activities of the company for at least the twelve months following the approval of these financial statements.

The directors have also considered the impact of Covid-19 on the Company. The events associated with the pandemic have had little effect on the supply chain and operations, but the directors continue to monitor the situation. As a result the directors do not consider there to be an additional risk to the Company as a result of Covid-19.

They are therefore satisfied that these financial statements have been prepared on the basis that the Company is a going concern.

**2.3 Revenue**

**Apache**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

**2.4 Operating leases: the Company as lessee**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

---

NEWCELLS BIOTECH LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021

---

2. Accounting policies (continued)

2.5 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.6 Grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the Statement of Comprehensive Income in the same period as the related expenditure.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

**Defined contribution pension plan**

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

---

NEWCELLS BIOTECH LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021

---

2. Accounting policies (continued)

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each Balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Patents	-	5	years straight line
Licences	-	5	years straight line

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

---

**NEWCELLS BIOTECH LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021**

---

**2. Accounting policies (continued)**

**2.13 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Plant and machinery	-	30%	straight line
Computer equipment	-	25%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised as profit or loss.

**2.14 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.15 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.16 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

**2.17 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**3. Employees**

The average monthly number of employees, including directors, during the year was 22 (2020 - 15).

---

NEWCELLS BIOTECH LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021

---

4. Intangible assets

	Patents	Licences	Total
	£	£	£
<b>Cost</b>			
At 1 February 2020	53,303	80,001	133,304
At 31 January 2021	<u>53,303</u>	<u>80,001</u>	<u>133,304</u>
<b>Amortisation</b>			
At 1 February 2020	5,330	23,998	29,328
Charge for the year on owned assets	10,661	16,003	26,664
At 31 January 2021	<u>15,991</u>	<u>40,001</u>	<u>55,992</u>
<b>Net book value</b>			
At 31 January 2021	<u>37,312</u>	<u>40,000</u>	<u>77,312</u>
<i>At 31 January 2020</i>	<u>47,973</u>	<u>56,003</u>	<u>103,976</u>

## NEWCELLS BIOTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021

## 5. Tangible fixed assets

	Plant and machinery	Computer equipment	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 February 2020	265,053	32,610	297,663
Additions	298,886	29,322	328,208
At 31 January 2021	<u>563,939</u>	<u>61,932</u>	<u>625,871</u>
<b>Depreciation</b>			
At 1 February 2020	33,137	5,591	38,728
Charge for the year on owned assets	144,255	10,327	154,582
At 31 January 2021	<u>177,392</u>	<u>15,918</u>	<u>193,310</u>
<b>Net book value</b>			
At 31 January 2021	<u>386,547</u>	<u>46,014</u>	<u>432,561</u>
<i>At 31 January 2020</i>	<u>231,916</u>	<u>27,019</u>	<u>258,935</u>

## 6. Debtors

	2021	2020
	£	£
Trade debtors	271,573	192,330
Other debtors	105,150	9,511
Called up share capital not paid	13	13
Prepayments and accrued income	46,298	23,691
Tax recoverable	136,122	89,718



---

**NEWCELLS BIOTECH LIMITED**

---

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021**

---

**7. Cash and cash equivalents**

	2021 £	2020 £
Cash at bank and in hand	5,012,703	1,206,326
	<u>5,012,703</u>	<u>1,206,326</u>

**8. Creditors: Amounts falling due within one year**

	2021 £	2020 £
Bank loans (note 10)	6,667	-
Trade creditors	505,399	129,740
Other taxation and social security	46,480	31,421
Obligations under finance lease and hire purchase contracts	92,452	-
Other creditors	39,914	26,920
Accruals and deferred income	373,163	581,041
	<u>1,064,075</u>	<u>769,122</u>

**9. Creditors: Amounts falling due after more than one year**

	2021 £	2020 £
Bank loans (note 10)	43,333	-
Net obligations under finance leases and hire purchase contracts	72,312	-
Other creditors	-	18,000
Deferred grants	51,566	85,771
	<u>167,211</u>	<u>103,771</u>

Obligations under hire purchase agreements are secured on the assets to which they relate.

---

NEWCELLS BIOTECH LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021

---

10. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Bank loans	6,667	-
	<u>6,667</u>	<u>-</u>
<b>Amounts falling due 1-2 years</b>		
Bank loans	43,333	-
	<u>43,333</u>	<u>-</u>
	<u>50,000</u>	<u>-</u>

11. Hire purchase and finance leases

Minimum lease payments under hire purchase fall due as follows:

	2021 £	2020 £
Within one year	92,452	-
Between 1-5 years	72,312	-
	<u>164,764</u>	<u>-</u>

## NEWCELLS BIOTECH LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021

## 12. Share capital

	2021 £	2020 £
<b>Allotted, called up and partly paid</b>		
1,250,000 (2020 - 1,250,000) Ordinary shares of £0.00001 each	13	13
295,000 (2020 - 295,000) Ordinary A shares of £0.00001 each	3	3
337,969 (2020 - 337,969) Ordinary C shares of £0.00001 each	3	3
907,953 (2020 - 907,953) Ordinary D1 shares of £0.00001 each	9	9
105,953 (2020 - 105,953) Ordinary D2 shares of £0.00001 each	1	1
723,141 (2020 - nil) Ordinary E shares of £0.00001 each	7	-
1,295,145 (2020 - nil) Ordinary F1 shares of £0.00001 each	13	-
151,136 (2020 - nil) Ordinary F2 shares of £0.00001 each	2	-
	<u>51</u>	<u>29</u>

**Share based payments**

Options for 57,187 Ordinary shares have been granted during the previous year in an approved enterprise management incentive (EMI) scheme at an exercise price of £0.00001 per share.

Options for 80,468 Ordinary shares have been granted during the previous year in an unapproved scheme at an exercise price of £0.00001 per share.

Management have considered the value of these options and do not consider that they are material to these financial statements.

**Shares issued during the year**

During the year, 723,141 Ordinary E shares, 1,295,145 Ordinary F1 shares, and 151,136 Ordinary F2 shares were issued, all with a nominal value of £0.00001 per share for cash consideration of £5,250,001 as part of a fund raising exercise. This also resulted in an increase to the share premium reserve, net of transaction costs.

## 13. Capital commitments

At 31 January 2021 the Company had capital commitments as follows:

	2021 £	2020 £
Contracted for but not provided in these financial statements for acquisition of equipment	-	79,000
	<u>-</u>	<u>79,000</u>

---

NEWCELLS BIOTECH LIMITED

---

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JANUARY 2021

---

14. Commitments under operating leases

At 31 January 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	171,190	102,332
Later than 1 year and not later than 5 years	455,019	545,768
Later than 5 years	-	34,110
	<u>626,209</u>	<u>682,210</u>

15. Controlling party

No single person controls 50% or more of the company's equity.

16. Auditors' information

The auditors' report on the financial statements for the year ended 31 January 2021 was unqualified.

The audit report was signed on 30 July 2021 by Deborah Graham (Senior statutory auditor) on behalf of Ryecroft Glenton.

