



METRION BIOSCIENCES LTD
ANNUAL REPORT & ACCOUNTS 2020

Metrion Biosciences is a specialist ion channel contract research business.

We are leaders in the provision of high quality ion channel drug discovery and safety assessment services to the world-wide pharmaceutical and life sciences industry.

Founded in September 2015, the Company has established an international reputation for the accuracy and technical competence of its ion channel research and development services and the clarity of its interpretation and reporting.

COMPANY INFORMATION

DIRECTORS

J W Ford
B A Kenny
M W Keogh
(appointed 15 April 2021)
K G McCullagh
J G Montana
(appointed 1 February 2021)
M Rogers
A P Southan
M C Ward
(appointed 31 March 2021)

COMPANY SECRETARY

C Ruddy

REGISTERED NUMBER

09669815

REGISTERED OFFICE

Suite 1, Riverside 3
Granta Park
Great Abington
Cambridge
CB21 6AD

INDEPENDENT AUDITORS

Peters Elworthy & Moore
Chartered Accountants &
Statutory Auditors
Salisbury House
Station Road
Cambridge
CB1 2LA

METRION BIOSCIENCES LTD
ANNUAL REPORT AND FINANCIAL STATEMENTS 2020
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METRION BIOSCIENCES LTD

CHAIRMAN'S STRATEGIC REPORT

INTRODUCTION

Metrion Biosciences is a specialist ion channel contract research business. In 2020, despite the challenges of the world-wide Covid-19 pandemic, we continued to expand the Company's range of high-quality ion channel drug discovery and safety assessment services. Our mission is to become the leading international centre of excellence in ion channel biology and a trusted partner for our customers in the world-wide pharmaceutical and life sciences industry.

As drug discovery research becomes ever more sophisticated, the emergence of ion channel proteins as novel targets for drug action and/or the source of unwanted toxicity has meant there is a rapidly growing demand for electrophysiology assays and other ion channel services and expertise. Our goal is to respond to this market demand and build a high quality, high growth company for the benefit of customers, shareholders, employees and collaboration partners.

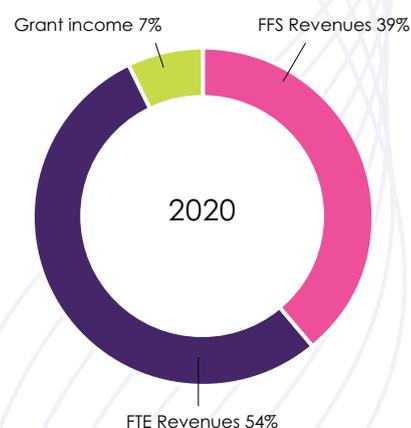
COVID-19

As forewarned in last year's annual report, the rapid emergence of the coronavirus pandemic and its persistence had a negative impact on our business in 2020. In order to protect our staff from the risks of contracting infection at work, the directors took the difficult but correct decision to close the Company's laboratories for the month of April 2020, the peak of the pandemic in the UK. The closure allowed us to re-design our laboratory layout and work flows, such that we were able to re-open for customer operations in May. This was a remarkable achievement and I thank all our staff for their commitment and motivation to maintain our high standards of customer service throughout the year, which in turn enabled the Company successfully to weather the business and safety challenges brought about by Covid-19 in 2020.

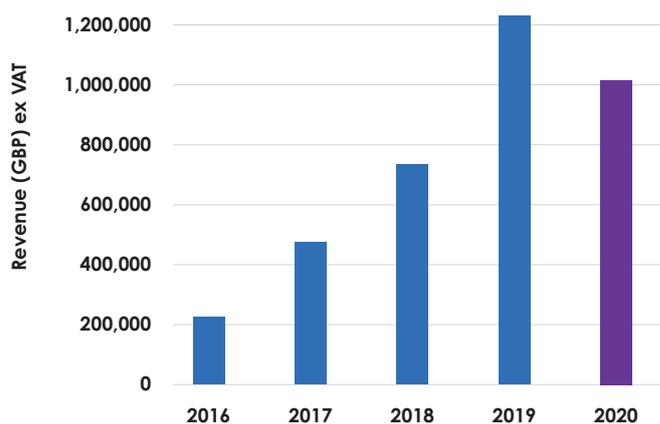
FINANCIAL PERFORMANCE

Against this backdrop, we were pleased to be able to achieve another year of growing revenues, albeit a smaller increase on 2019 than had been expected pre-Covid-19. Excluding grant income, commercial revenues increased 13% on those of 2019. Total revenues for the year were £2.66m, split between fee for service sales (FFS) of £1.03m (39%), FTE contracts and consumables of £1.44m (54%) and grant income of £0.19m (7%). EBITDA for the year was £113,051, approximately 4.2% of revenues. Net profit after tax was £49,336, approximately 1.9% of revenues.

REVENUES
+13%
TO £2.66M



GROWTH IN FEE FOR SERVICE (FFS) REVENUE 2016 - 2020



FTE REVENUES

+49%
 TO £1.44M

Due to the complexities of state aid rules, Metrion was not eligible for the UK government's Coronavirus business support loan and grant schemes announced in March and April 2020. The successful results for the year were therefore achieved without recourse to any government funding and no additional borrowing was required from other sources. Nevertheless, the constraints of Covid-19 on both Metrion and its customers had an impact. Overall FFS sales were 15% down on 2019 and a significant amount of FTE contracted income was delayed due to the temporary laboratory closure and staff furloughs. I am pleased to report that by the end of Q3, operations were largely running smoothly again and customer orders restored to trend.

NEW EQUITY FINANCING

With the current and planned growth in FTE contracts and FFS business, the Company is seeking to expand its laboratories in 2021 and invest substantially in new automated electrophysiology instrumentation and related equipment. To enable this investment and allow expansion of the business, the Company agreed terms with Gresham House Asset Management (GHAM) in December 2020 that they would lead a new equity financing round in its capacity as investment manager of the Baronsmead Venture Trust and Baronsmead Second Venture Trust, with an investment of £2.25m. The financing round was completed successfully after the year end in March 2021, with total new investment of approximately £2.7m. The Company expects to use the proceeds to expand into new purpose-built laboratories in 2021, invest in further laboratory equipment, enhance its cell biology capabilities and strengthen its business development team and activities.

METRION BIOSCIENCES LTD CHAIRMAN'S STRATEGIC REPORT

NEW NON-EXECUTIVE DIRECTORS

After the year end, the Company strengthened its board through the appointment of several new non-executive directors. Dr John Montana, an experienced drug discovery and CRO industry executive, became a non-executive director in February 2021. With the completion of the new equity financing, Maya Ward joined the board in March 2021 as Investor Director representing GHAM. In April 2021, the Company invited Mark Keogh, a chartered accountant and civil engineer with more than 30 years of experience of senior finance management in industry, to join the board to enhance its financial and corporate experience. I welcome John, Maya and Mark to Metrion Biosciences. Together with our existing executive and non-executive directors, Metrion now has a board fully able to support Metrion's further growth and international development as a leading specialist ion channel CRO.

EXECUTIVE MANAGEMENT AND STAFF

Dr Andy Southan, Metrion's chief executive, has continued to lead the Company's management team and staff throughout 2020. This has been a challenging year for all but from the start of the pandemic in the UK in March 2020, Andy has made the safety and health of all employees and associates an overriding priority. At the same time, he and his management team have continued to maintain the Company's high quality of operations and customer service despite the requirements of social distancing and other constraints. The board thanks him, the management team and all of the Company's staff for their efforts on behalf of the Company throughout the year.



Keith McCullagh

Chairman
28 July 2021

INVESTMENT ROUND

+£2.7M

THE FINANCING ROUND
WAS COMPLETED
SUCCESSFULLY AFTER THE
YEAR END IN MARCH
2021, WITH TOTAL
NEW INVESTMENT OF
APPROXIMATELY £2.7M

METRION BIOSCIENCES LTD

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 December 2020.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- 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 to 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.

DIRECTORS

The directors who served during the year were:

J W Ford
B A Kenny
K G McCullagh
M Rogers
A P Southan

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

METRION BIOSCIENCES LTD
DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, Peters Elworthy & Moore, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

SMALL COMPANIES NOTE

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'K. G. McCullagh', with a stylized flourish at the end.

K G McCullagh
Director

Date: 28/07/2021

METRION BIOSCIENCES LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METRION BIOSCIENCES LIMITED

OPINION

We have audited the financial statements of Metrion Biosciences Limited (the 'Company') for the year ended 31 December 2020, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF METRION BIOSCIENCES LIMITED (CONTINUED)

OTHER INFORMATION

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

METRION BIOSCIENCES LTD
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
METRION BIOSCIENCES LIMITED (CONTINUED)**

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the Biosciences sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence;
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and
- understanding the design of the company's remuneration policies.

METRION BIOSCIENCES LTD
**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
METRION BIOSCIENCES LIMITED (CONTINUED)**

To address the risk of fraud through management bias and override of controls, we;

- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- we tested significant transactions, in particular the evaluation of the business rationale for any which appeared unusual or outside the company's normal course of business;

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

USE OF OUR REPORT

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



James Burrett (Senior Statutory Auditor)

for and on behalf of

Peters Elworthy & Moore

Chartered Accountants

Statutory Auditors

Salisbury House

Station Road

Cambridge CB1 2LA

Date: 28/07/2021

METRION BIOSCIENCES LTD
**STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2020**

	Note	2020 £	2019 £
Turnover	3	2,663,703	2,526,844
Cost of sales		(1,157,076)	(1,172,364)
GROSS PROFIT		1,506,627	1,354,480
Administrative expenses		(1,529,290)	(1,370,707)
Other operating income	4	81,083	68,968
OPERATING PROFIT	5	58,420	52,741
Interest payable and similar expenses		(12,523)	(18,780)
PROFIT BEFORE TAX		45,897	33,961
Tax on profit	8	3,439	(13,104)
PROFIT FOR THE YEAR		49,336	20,857
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Movement on share options		9,041	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR		9,041	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		58,377	20,857

The notes on pages 16 to 26 form part of these financial statements.

METRION BIOSCIENCES LTD
BALANCE SHEET
AS AT 31 DECEMBER 2020

	Note	2020 £	2019 £
FIXED ASSETS			
Intangible assets	9	102,371	62,512
Tangible assets	10	55,834	48,021
Investments	11	100	100
		158,305	110,633
CURRENT ASSETS			
Stocks		112,889	53,627
Debtors: amounts falling due within one year	12	736,455	653,033
Bank and cash balances		247,195	260,288
		1,096,539	966,948
Creditors: amounts falling due within one year	13	(763,793)	(612,285)
NET CURRENT ASSETS		332,746	354,663
TOTAL ASSETS LESS CURRENT LIABILITIES		491,051	465,296
Creditors: amounts falling due after more than one year	14	(67,000)	(100,000)
NET ASSETS		424,051	365,296
CAPITAL AND RESERVES			
Called up share capital	15	4,612	4,610
Share premium account		1,110,619	1,110,243
Profit and loss account		(691,180)	(749,557)
		424,051	365,296

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



K G McCullagh

Director

Date: 28/07/2021

The notes on pages 16 to 26 form part of these financial statements.

METRION BIOSCIENCES LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	4,610	1,110,243	(749,557)	365,296
Profit for the year	-	-	49,336	49,336
Movement on share options	-	-	9,041	9,041
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	58,377	58,377
Shares issued during the year	2	376	-	378
TOTAL TRANSACTIONS WITH OWNERS	2	376	-	378
AT 31 DECEMBER 2020	4,612	1,110,619	(691,180)	424,051

The notes on pages 16 to 26 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2019	4,085	915,880	(770,414)	149,551
Profit for the year	-	-	20,857	20,857
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	20,857	20,857
Shares issued during the year	525	194,363	-	194,888
TOTAL TRANSACTIONS WITH OWNERS	525	194,363	-	194,888
AT 31 DECEMBER 2019	4,610	1,110,243	(749,557)	365,296

The notes on pages 16 to 26 form part of these financial statements.

METRION BIOSCIENCES LTD
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. GENERAL INFORMATION

The Company is a private company limited by shares and incorporated in England & Wales. The address of the registered office is Suite 1, 3 Riverside Granta Park, Abington, Cambridge, CB21 6AD.

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 following principal accounting policies have been applied:

2.2 GOING CONCERN

The company made a profit of £49,336 in the year compared to a profit of £20,857 in the prior year.

The Directors have adopted a budget for 2021 which delivers substantial growth in income, mainly due to additional FTE contracts compared to 2020. It shows anticipated positive net profit after tax and relevant tax credits. The company also closed a funding round in March 2021 raising £2.7m of new equity financing. The detail of this is contained in Note 28 – Post Balance Sheet Event.

Having considered the basis of the 2020 financial statements, the Directors are satisfied that the positive net result in 2020 and expected growth in 2021, as well as the investment funding will enable the company to continue to meet its liabilities as they fall due.

2.3 TURNOVER

Turnover comprises revenue recognised by the Company in respect of contract research services supplied during the period and grant income, exclusive of Value Added Tax.

Grants of revenue nature are recognised in the Profit and loss account in the same period as the related expenditure.

2.4 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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:

Cell lines	-	10	years
Patents	-	10	years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

2.5 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.

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.

The estimated useful lives range as follows:

Short-term leasehold property	- Over the period of the lease
Plant and machinery	- 20 - 33% straight line
Office equipment	- 33% straight line
Computer equipment	- 33% 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 in profit or loss.

2.6 VALUATION OF INVESTMENTS

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 STOCKS

Stocks are stated at the lower of cost and net realisable value.

2.8 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.

2.9 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.

2.10 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.

METRION BIOSCIENCES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

2.11 GOVERNMENT 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.

2.12 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 resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.13 OPERATING LEASES

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.14 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 the Profit and loss account when they fall due. Amounts not paid are shown in other creditors as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

METRION BIOSCIENCES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

2. ACCOUNTING POLICIES (CONTINUED)

2.15 INTEREST INCOME

Interest income is recognised in profit or loss using the effective interest method.

2.16 BORROWING COSTS

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

2.17 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.

2.18 RESEARCH AND DEVELOPMENT

Research and development expenditure is recognised in the Profit and loss account in the period in which it is incurred.

METRION BIOSCIENCES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

3. TURNOVER

An analysis of turnover by class of business is as follows:

	2020	2019
	£	£
Fee for service contracts	1,034,505	1,217,945
FTE funded contracts	1,441,057	965,806
Grant income	188,141	343,093
	2,663,703	2,526,844

4. OTHER OPERATING INCOME

	2020	2019
	£	£
Research and development expenditure credits	43,072	68,968
Government grants receivable	38,011	-
	81,083	68,968

Government grants represent amounts receivable under the Coronavirus Job Retention Scheme (CJRS) to cover salaries of furloughed staff.

5. OPERATING PROFIT

The operating profit is stated after charging:

	2020	As restated 2019
	£	£
Grant funded research and development expenditure which has been reclaimed in the year	163,811	337,993
Internally funded costs relating to grant funded projects	104,771	150,555
Internally funded research and development expenditure	69,469	51,472
	338,051	540,020

METRION BIOSCIENCES LTD
NOTES TO THE FINANCIAL STATEMENTS
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6. EBITDA

	2020	2019
	£	£
Profit	49,336	20,857
Interest payable	12,523	18,780
Interest receivable	-	-
Corporation tax	(3,439)	13,104
Foreign exchange	4,495	7,648
Depreciation	39,306	60,543
Amortisation	10,121	12,944
Loss on sale of assets	709	-
	113,051	133,876

7. EMPLOYEES

The average monthly number of employees, including directors, during the year was 21 (2019 - 18).

8. TAXATION

	2020	2019
	£	£
CORPORATION TAX		
Current tax on profits for the year	(3,439)	13,104
	(3,439)	13,104
TOTAL CURRENT TAX	(3,439)	13,104
DEFERRED TAX		
TOTAL DEFERRED TAX	-	-
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	(3,439)	13,104

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

There were no factors that affected the tax charge for the year which has been calculated on the RDEC claim before tax at the standard rate of corporation tax in the UK of 19% (2019 - 19%).

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There are unrecognised tax losses available to offset against future taxable profits of £516,352 (2019: £516,352).

METRION BIOSCIENCES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

9. INTANGIBLE ASSETS

	Cell lines £	Patents £	Total £
COST			
At 1 January 2020	37,879	57,261	95,140
Additions	29,334	21,216	50,550
Disposals	-	(633)	(633)
At 31 December 2020	67,213	77,844	145,057
AMORTISATION			
At 1 January 2020	22,677	9,951	32,628
Charge for the year on owned assets	3,382	6,739	10,121
On disposals	-	(63)	(63)
At 31 December 2020	26,059	16,627	42,686
NET BOOK VALUE			
At 31 December 2020	41,154	61,217	102,371
At 31 December 2019	15,202	47,310	62,512

METRION BIOSCIENCES LTD
NOTES TO THE FINANCIAL STATEMENTS
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10. TANGIBLE FIXED ASSETS

	Short-term leasehold property £	Plant and machinery £	Office equipment £	Computer equipment £	Total £
COST OR VALUATION					
At 1 January 2020	97,004	274,875	3,622	11,251	386,752
Additions	-	31,194	118	15,946	47,258
Disposals	-	(500)	-	-	(500)
At 31 December 2020	97,004	305,569	3,740	27,197	433,510
DEPRECIATION					
At 1 January 2020	66,363	261,914	3,312	7,142	338,731
Charge for the year on owned assets	20,419	12,769	256	5,862	39,306
Disposals	-	(361)	-	-	(361)
At 31 December 2020	86,782	274,322	3,568	13,004	377,676
NET BOOK VALUE					
At 31 December 2020	10,222	31,247	172	14,193	55,834
At 31 December 2019	30,641	12,961	310	4,109	48,021

11. FIXED ASSET INVESTMENTS

	Investments in subsidiary companies £
COST OR VALUATION	
At 1 January 2020 (as previously stated)	1
Prior Year Adjustment	99
At 1 January 2020 (as restated)	100
At 31 December 2020	100

On 14 February 2018, Metrion Pharma Limited, a 100% subsidiary of the Company, was incorporated and is registered in England and Wales. The subsidiary was dormant from incorporation to the 31 December 2020.

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NOTES TO THE FINANCIAL STATEMENTS
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12. DEBTORS

	2020	2019
	£	£
Trade debtors	484,175	405,035
Other debtors	46,511	55,864
Prepayments and accrued income	205,769	192,134
	736,455	653,033

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Bank loans	-	5,608
Other loans	33,000	128,400
Trade creditors	246,315	114,770
Amounts owed to group undertakings	-	50
Other taxation and social security	119,373	60,977
Other creditors	15,407	15,374
Accruals and deferred income	349,698	287,106
	763,793	612,285

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. At the balance sheet date, unpaid contributions of £12,002 (2019 - £9,924) were due to the fund, which are included within other creditors.

Secured loans

Bank loans are transacted on a repayment basis, bear interest at 2.95% over Bank of England base rate and are secured by a first legal charge over the Company's assets.

In 2019, Other loans were transacted on an interest only basis, bear interest at 2.5% over Bank of England base rate and are secured by a charge over the Company's assets. These amounts were fully repaid in the year.

At the year end, Other loans relates to amounts loaned from a director. See Note 17 for further detail.

METRION BIOSCIENCES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2020	2019
	£	£
Other loans	67,000	100,000
	67,000	100,000

Other loans relates to amounts loaned from a director. See Note 17 for further detail.

15. SHARE CAPITAL

	2020	2019
	£	£
ALLOTTED, CALLED UP AND FULLY PAID		
461,225 (2019 - 460,973) Ordinary shares of £0.01 each	4,612	4,610

During the year the Company issued 252 Ordinary shares for a total share premium of £375.

16. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2020 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2020	2019
	£	£
Not later than 1 year	74,963	128,509
Later than 1 year and not later than 5 years	-	74,963
	74,963	203,472

17. TRANSACTIONS WITH DIRECTORS

In 2018 a director of the Company made a secured, interest bearing loan of £100,000 to the Company. This loan bears interest at 9%.

At 31 December 2020 £33,000 is included within other loans due within one year and £67,000 included within other loans due after more than one year.

METRION BIOSCIENCES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

18. POST BALANCE SHEET EVENTS

Following the year end the Director's Loan of £100,000 outstanding as at 31st December 2020 was converted on 8th February 2021 into 26,666 Ordinary Shares of £0.01 as per the terms of the convertible loan agreement dated 28th December 2018.

The Company also finalised additional equity financing on 31st March 2021 raising £2.7m, including £2.25m from Gresham House Asset Management Limited in its capacity as investment manager of the Baronsmead Venture Trust and Baronsmead Second Venture Trust. The Company allotted and issued:

- 247,525 A Preference Shares of £0.01 each at a price of £9.0563 each
- 247,525 A Ordinary Shares of £0.01 each at a price of £0.0337 each
- 49,030 Ordinary Shares of £0.01 each at a price of £9.09 each

1 Ordinary Share of £1 nominal value was also subdivided into 100 Ordinary Shares of £0.01 each. 99 of these were then converted into deferred shares of £0.01 each.

The funding will be used to expand Metrion's laboratories in Cambridge, UK, invest in specialist equipment, develop its cell line library, and add GLP cardiac safety services. The financing will also enable the expansion of the Company's business development activities.

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