

Financial Statements for the Year Ended 31 March 2023

for

Solasta Bio Limited

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for the Year Ended 31 March 2023

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Solasta Bio Limited

Company Information
for the Year Ended 31 March 2023

DIRECTORS:

S Davies
S M Brown
N Deasy
R D Wylie
J Carrigan

REGISTERED OFFICE:

163 Bath Street
Glasgow
G2 4SQ

REGISTERED NUMBER:

SC661647 (Scotland)

SENIOR STATUTORY AUDITOR:

Robert Pollock BA CA

AUDITORS:

Sharles Audit Limited
Statutory Auditors
29 Brandon Street
Hamilton
ML3 6DA

Solasta Bio Limited (Registered number: SC661647)

Balance Sheet
31 March 2023

		2023		2022	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	5		19,766		19,766
Tangible assets	6		<u>232,237</u>		<u>54,872</u>
			<u>252,003</u>		<u>74,638</u>
CURRENT ASSETS					
Debtors	7	1,647,684		223,312	
Cash at bank		<u>830,998</u>		<u>323,061</u>	
		<u>2,478,682</u>		546,373	
CREDITORS					
Amounts falling due within one year	8	<u>202,261</u>		<u>113,642</u>	
NET CURRENT ASSETS			<u>2,276,421</u>		<u>432,731</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,528,424</u>		<u>507,369</u>
CAPITAL AND RESERVES					
Called up share capital			212,665		92,274
Share premium			3,622,505		907,934
Capital redemption reserve			17		-
Share based payment reserve			98,326		-
Retained earnings			<u>(1,405,089)</u>		<u>(492,839)</u>
SHAREHOLDERS' FUNDS			<u>2,528,424</u>		<u>507,369</u>

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 28 March 2024 and were signed on its behalf by:

S Davies - Director

Notes to the Financial Statements
for the Year Ended 31 March 2023

1. **STATUTORY INFORMATION**

Solasta Bio Limited is a private company, limited by shares, registered in Scotland. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. **STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. There were no material departures from that standard.

3. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

The financial statements have been prepared under the historical cost convention and on a going concern basis.

Although the company has incurred losses during the year and since the year end the directors, with reference to forecasts of future trading profits and cashflow, continue to adopt the going concern basis when preparing the financial statements. In making their assessment the directors have considered a period of at least 12 months from the date of signature of these financial statements.

The directors have prepared detailed forecasts, covering a period of at least 12 months from the date of signature of these financial statements, which show the company's expected funding requirements. The directors have signed Heads of Terms with a venture capital company, which with additional funding from existing and other new investors will secure sufficient cash resources for the company to continue development up to the date where the directors expect to be manufacturing and creating sales. Although the results of this funding proposal are unknown at present, the directors are confident of a successful outcome and have therefore prepared the financial statements on a going concern basis.

The financial statements do not include any adjustments that would arise should the additional funding proposal not be successful, which could have an impact on the company's ability to continue trading as a going concern.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of nil years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 33% on cost and 20% on cost

Tangible fixed assets held for the company's own use are stated at cost less accumulated depreciation and accumulated impairment loss.

At each balance sheet date, the company reviews the carrying amounts of its tangible fixed assets to determine whether there is any indication that any items have suffered an impairment loss. If any such indication exists, the recoverable amount of an asset is estimated in order to determine the extent of the impairment loss. Where it is not possible to estimate the recoverable amount of the asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Expenditure of £500 or more on individual tangible fixed assets is capitalised at cost. Expenditure on assets below this threshold is charged directly to the income statement in the period it is incurred.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

3. **ACCOUNTING POLICIES - continued**

Financial instruments

The Company's principal financial assets and liabilities are cash at bank and borrowings. Cash at bank is carried in the balance sheet at nominal value.

Convertible loan notes are initially measured at fair value. Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. The equity component is not remeasured.

On conversion of the loan note to equity, the difference between the nominal value of the equity issued and the contracted conversion price is credited to the share premium account.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

3. **ACCOUNTING POLICIES - continued**

Share based payments

Equity settled share based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments which is determined based on the latest subscription price of £23.03. The fair value determined at the grant date is expensed on a straight line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity settled share based payments are subsequently modified, the fair value of the share based payments are determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share based payment.

Cancellations or settlements are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

4. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 10 (2022 - 5) .

5. **INTANGIBLE FIXED ASSETS**

	Other intangible assets £
COST	
At 1 April 2022 and 31 March 2023	19,766
NET BOOK VALUE	
At 31 March 2023	19,766
At 31 March 2022	19,766

6. **TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
COST	
At 1 April 2022	56,946
Additions	206,877
At 31 March 2023	263,823
DEPRECIATION	
At 1 April 2022	2,074
Charge for year	29,512
At 31 March 2023	31,586
NET BOOK VALUE	
At 31 March 2023	232,237
At 31 March 2022	54,872

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

7. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£	£
Other debtors	<u>1,647,684</u>	<u>223,312</u>

8. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2023	2022
	£	£
Trade creditors	157,282	67,114
Taxation and social security	20,031	4,029
Other creditors	<u>24,948</u>	<u>42,499</u>
	<u>202,261</u>	<u>113,642</u>

9. **DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

We draw attention to note 3 in the financial statements, which indicates that the directors' assessment of the company's ability to continue as a going concern is based on forecasts of future funding and cashflow.

As there is a degree of uncertainty regarding the future funding investment which can be impacted by factors outside the company's control, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Robert Pollock BA CA (Senior Statutory Auditor)
for and on behalf of Charles Audit Limited

10. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

During the year, the company was charged consultancy fees by the following directors:

S M Brown £25,042 (2022 - £12,874)
R D Wylie £37,500 (2022 - £25,000)
N Deasy £13,144 (2022 - £NIL)

These transactions were conducted under normal commercial terms.

11. **RELATED PARTY DISCLOSURES**

The company operates a loan account with the director, Shireen-Anne Davies

During the year, no loans were advanced to the company. At the year end, the balance due to the director was £8 (2022: £8). This loan is unsecured, interest free and has no fixed repayment terms.

Notes to the Financial Statements - continued
for the Year Ended 31 March 2023

12. **SHARE BASED PAYMENTS**

The total expense recognised in the profit and loss for the year is as follows:

	2023	2022
	£	£
Equity settled share based payments	<u>98,326</u>	<u>-</u>

5,568 shares are exercisable at a price of £5.37 at March 2023 (2022 - NIL)

Options issued under the EMI option scheme are issued to employees, subject to the discretion of the directors for performance related achievements. Options shall be capable of being exercised upon an exit event, or if the directors determine, an earlier potential exercise date.

Where options have been issued to individuals not eligible to participate in the EMI option scheme, they are issued into the unapproved share option scheme. The exercise of options within the unapproved scheme is not dependent on any performance criteria, and may be exercised in whole or in part at any time, and from time to time following issue.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.