

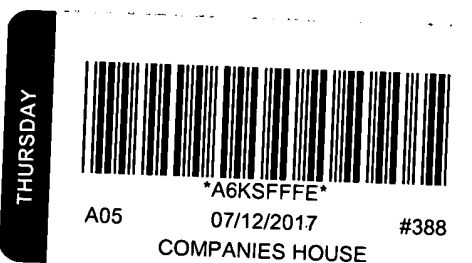
Sygil Group Limited

Report and Financial Statements

Year Ended

31 March 2017

Company Number 07699497



Sygil Group Limited

Company Information

Directors	S C Hirst J G Williams P J Clewlow J A Slack (non-executive) L J Nisbet (non-executive) V J Tabiner
Company secretary	V J Tabiner
Registered number	07699497
Registered office	The Discovery Building BioCity Pennyfoot Street Nottingham NG1 1GR
Independent auditor	BDO LLP Regent House Clinton Avenue Nottingham NG5 1AZ

Sygil Group Limited

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Sygil Group Limited

Group strategic report For the year ended 31 March 2017

Introduction

The directors present their group strategic report for the year ended 31 March 2017. These financial statements represent the accounts of Sygil Group Limited.

Principal activity

The company's principal activity is that of a holding company. The group which it heads is engaged in collaborative integrated drug discovery services to the pharmaceutical and biotechnology market.

Business review

The directors are satisfied with the performance of the company and group as reported in the financial statements.

The profit for the year, after taxation, amounted to £2,050,084 (2016 - £1,414,602).

Financial key performance indicators

The KPIs that the group use are relevant to the type of business that it operates. The financial KPIs that the group use are turnover (excluding rechargeable costs), operating profit and cash generation.

Turnover (excluding rechargeable costs) has increased from £11,370,518 to £14,013,377 (23.2%). Certain contracts allow costs incurred on the projects to be recharged. Where the group is the principal in the transaction the turnover is recognised as the related costs are incurred. The directors assess sales performance excluding these rechargeable costs.

Operating profit has increased from £1,800,456 to £2,735,120 (51.9%).

Net cash generated from operating activities during the year has increased from £1,965,968 to £2,650,369 (34.8%).

The group continually monitors the performance of its operations and other activities through regular reviews using key performance indicators (KPIs) as tools for measurement.

Other key performance indicators

The other key performance indicators that the group use are operational (staff retention and motivation) and from a customer service perspective (customer feedback and retention and new customers). These key performance indicators are within the targets set for the year.

The directors consider that the group has met the KPI targets in the year and look forward to the planned on going development of the business. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year. The group continues to conduct research and development activity.

Principal risks and uncertainties

Economic climate

Whilst outside of the group's control, the economic climate can work in favour of outsourcing businesses, as customers focus on reducing their total costs. The group has focused on the element of business that allows customers to reduce costs and outsource risk. While the economy improves, the risk of further bankruptcies remains, and the group retains a tight credit control procedure to mitigate against the risk.

Sygil Group Limited

Group strategic report For the year ended 31 March 2017

Principal risks and uncertainties (continued)

Competitor activity

The group has customers in both the UK market, and also in other countries around the world. Many of these markets are highly competitive in nature. As the market requires extensive skills and experience to participate, new entrants to the market are considered unlikely. The major risk is through more intense competition between existing suppliers. It is believed that, as end markets appear to be in strong growth, margin pressure should be manageable. To mitigate against increased margin pressure, the group constantly reviews its services and prices to ensure they are competitive, and appropriate to the value delivered to its customers.

Liquidity risk

The directors consider that the group has healthy net cash resources to enable it to continue to trade and to pay its liabilities as and when they become due. As a result, the directors believe the group's exposure is limited in the short term.

Factors which could impact on the working capital management (and associated risk factors) of the group are its ability to generate sufficient sales to new and existing customers and changes in the competitive environment of markets in which the company serves.

Retention of key people

The experience, engagement and skills of the group's employees are a key resource. The loss of a number of these people could impact the company's ability to deliver for its customers. Regular reviews with the key staff are held, and development and reward plans are put in place to retain and develop those individuals. In addition to external training and attendance at scientific symposia, a comprehensive mentoring and promotion scheme is in place to facilitate employee career development. The group also invests in future generations of scientists through paid internships for local Universities. As the group continues to grow, more of those skills and experience become decentralised, leading to more diversification of key skills and therefore lower risk.

Employment of disabled employees

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The group policy makes it clear that full and fair consideration must be given to application made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the group. Retraining of employees who become disabled whilst employed by the group is offered where appropriate.

Sygil Group Limited

Group strategic report For the year ended 31 March 2017

Corporate Social Responsibility

The directors and the group recognise their obligation to act responsibly, ethically and with integrity and to actively strive to satisfy all of its stakeholders. The group is aware that Corporate Social Responsibility (CSR) is an ongoing commitment and endeavours to continuously improve current practices.

The group has a dedicated Health & Safety team to facilitate safe working conditions throughout all areas of the business. Regular policy and procedure reviews and comprehensive laboratory audits are carried out to maintain a safe environment for all. All new employees are given in-depth Health & Safety training with a particular emphasis on exemplary laboratory practice.

The group aims to limit the impact that their operations exert on the environment. Best practice is applied during all aspects of chemical handling and disposal to minimise any environmental damage. The group uses only experienced and reputable contractors to dispose of potentially harmful waste chemicals and receives certification of disposal. The group offers staff incentive schemes to reduce waste and to minimise the environmental impact of travel to work.

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



S C Hirst
Director

Date: 22 September 2017

Sygil Group Limited

Directors' report For the year ended 31 March 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

Results and dividends

The profit for the year, after taxation, amounted to £2,050,084 (2016 - £1,414,602).

The company paid a dividend of £173,736 to its shareholders during the year (2016 - £239,776).

Directors

The directors who served during the year were:

S C Hirst
J G Williams
P J Clewlow
J A Slack (non-executive)
L J Nisbet (non-executive)
V J Tabiner

Financial instruments

The group does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The group has interest bearing borrowings and is therefore exposed to interest rate risk, which it manages by actively managing and reviewing cashflow forecasts.

In consideration of benefits against cost the group would use forward exchange contracts to hedge any significant foreign exchange rate exposure.

Qualifying third party indemnity provisions

Throughout the year and up to the date of this report the company maintained qualifying third party indemnity insurance for the directors.

Disclosure of information to auditor

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 and the Group's auditor is 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 and the Group's auditor is aware of that information.

Sygil Group Limited

Directors' report (continued) For the year ended 31 March 2017

Post balance sheet events

On 31 July 2017 4,550 options over ordinary shares were exercised by the option holders and as such 4,550 ordinary shares of £0.001 each were issued by the company.

The company also issued a further 533 ordinary shares of £0.001 each increasing the company's total issued share capital to 106,683 ordinary shares of £0.001 each.

Subsequently, the shares were sub-divided and reclassified into 106,683 A Ordinary Shares of £0.0004 each, 106,683 B Ordinary Shares of £0.0003 each and 106,683 C Ordinary Shares of £0.0003 each.

On 1 August 2017 the 106,683 A Ordinary Shares of £0.0004 each, 106,683 B Ordinary Shares of £0.0003 each and 106,683 C Ordinary Shares of £0.0003 each were consolidated and reclassified into 106,683 Ordinary Shares of £0.001 each.

The company's investments in Sygnature Discovery Limited, Sygnature Chemical Services Limited and Peak Proteins Limited were transferred post year end.

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



S C Hirst
Director

Date: 22 September 2017

Sygil Group Limited

Directors' responsibilities statement

The directors are responsible for preparing the group strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom accounting standards and applicable law). 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 the Group and of the profit or loss of the Company and the Group for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions, to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Sygil Group Limited

Independent auditor's report to the members of Sygil Group Limited

We have audited the financial statements of Sygil Group Limited for the year ended 31 March 2017 which comprise the consolidated statement of comprehensive income, the consolidated and company balance sheet, the consolidated and company statement of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditor's 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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2017 and of the group's 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.

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 group strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Sygil Group Limited

Independent auditor's report to the members of Sygil Group Limited

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent 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 where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



Gareth Singleton (senior statutory auditor)
for and on behalf of BDO LLP, statutory auditor
Nottingham
United Kingdom

27 SEPTEMBER 2017

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

Sygil Group Limited

**Consolidated statement of comprehensive income
For the year ended 31 March 2017**

	Note	2017 £	2016 £
Turnover	3	14,955,495	12,330,234
Cost of sales		(8,134,225)	(7,128,273)
Gross profit		6,821,270	5,201,961
Administrative expenses		(5,053,461)	(4,381,987)
Other operating income	4	967,311	980,482
Operating profit	5	2,735,120	1,800,456
Share of loss of associates		(242,035)	(215,823)
Total operating profit		2,493,085	1,584,633
Interest receivable and similar income	8	28,677	32,296
Interest payable and expenses	9	(22,975)	(27,489)
Profit before taxation		2,498,787	1,589,440
Tax on profit	10	(448,703)	(174,838)
Profit for the year		2,050,084	1,414,602

There was no other comprehensive income for 2017 (2016 - £NIL).

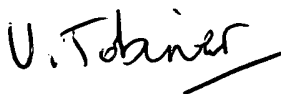
The notes on pages 17 to 37 form part of these financial statements.

Sygil Group Limited
Registered number: 07699497

Consolidated balance sheet
As at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	12	4,354,069	3,641,320
Investments	13	874,398	394,581
		<u>5,228,467</u>	<u>4,035,901</u>
Current assets			
Debtors: amounts falling due within one year	14	2,072,887	1,040,586
Cash at bank and in hand	15	6,359,648	5,530,232
		<u>8,432,535</u>	<u>6,570,818</u>
Creditors: amounts falling due within one year	16	(2,412,837)	(1,609,621)
Net current assets		<u>6,019,698</u>	<u>4,961,197</u>
Total assets less current liabilities		<u>11,248,165</u>	<u>8,997,098</u>
Creditors: amounts falling due after more than one year	17	(140,835)	(356,403)
Provisions for liabilities			
Deferred taxation	20	(558,795)	(529,613)
Deferred grant income	21	(744,914)	(280,250)
Net assets		<u><u>9,803,621</u></u>	<u><u>7,830,832</u></u>
Capital and reserves			
Called up share capital	22	102	102
Share premium account	23	47,728	47,728
Merger reserve	23	5	5
Profit and loss account	23	9,755,786	7,782,997
		<u><u>9,803,621</u></u>	<u><u>7,830,832</u></u>

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



V J Tabiner
Director

Date: 22 September 2017

The notes on pages 17 to 37 form part of these financial statements.

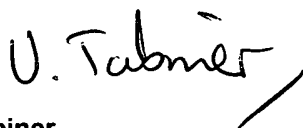
Sygil Group Limited
Registered number:07699497

Company balance sheet
As at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Investments	13	2,156,509	1,104,484
Current assets			
Debtors: amounts falling due within one year	14	15,631	176,001
Cash at bank and in hand	15	4,041,539	3,017,467
		<u>4,057,170</u>	<u>3,193,468</u>
Creditors: amounts falling due within one year	16	(1,804,903)	(3)
Net current assets		<u>2,252,267</u>	<u>3,193,465</u>
Net assets		<u><u>4,408,776</u></u>	<u><u>4,297,949</u></u>
Capital and reserves			
Called up share capital	22	102	102
Share premium account	23	47,728	47,728
Share based payment reserve	23	329,719	246,515
Profit and loss account	23	4,031,227	4,003,604
		<u><u>4,408,776</u></u>	<u><u>4,297,949</u></u>

The company has elected to take exemption under section 408(3) of the Companies Act 2006 to not present the parent company's Statement of Comprehensive Income. The profit of the parent company for the year was £188,122 (2016 - £2,072,876).

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



V J Tabiner
Director

Date: 22 September 2017

The notes on pages 17 to 37 form part of these financial statements.

Sygil Group Limited

**Consolidated statement of changes in equity
For the year ended 31 March 2017**

	Called up share capital	Share premium account	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2016	102	47,728	5	7,782,997	7,830,832
Comprehensive income for the year					
Profit for the year	-	-	-	2,050,084	2,050,084
Contributions by and distributions to owners					
Dividends paid	-	-	-	(173,736)	(173,736)
Share based payment reserve movement	-	-	-	96,441	96,441
Total transactions with owners	-	-	-	(77,295)	(77,295)
At 31 March 2017	102	47,728	5	9,755,786	9,803,621

**Consolidated statement of changes in equity
For the year ended 31 March 2016**

	Called up share capital	Share premium account	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2015	97	8,240	5	6,447,893	6,456,235
Comprehensive income for the year					
Profit for the year	-	-	-	1,414,602	1,414,602
Contributions by and distributions to owners					
Dividends paid	-	-	-	(239,776)	(239,776)
Shares issued during the year	5	39,488	-	-	39,493
Share based payment reserve movement	-	-	-	160,278	160,278
Total transactions with owners	5	39,488	-	(79,498)	(40,005)
At 31 March 2016	102	47,728	5	7,782,997	7,830,832

Sygil Group Limited

**Company statement of changes in equity
For the year ended 31 March 2017**

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2016	102	47,728	246,515	4,003,604	4,297,949
Comprehensive income for the year					
Profit for the year	-	-	-	188,122	188,122
Contributions by and distributions to owners					
Dividends paid	-	-	-	(173,736)	(173,736)
Transfer to profit and loss account	-	-	-	13,237	13,237
Transfer between reserves	-	-	(13,237)	-	(13,237)
Share based payment reserve movement	-	-	96,441	-	96,441
Total transactions with owners	-	-	83,204	(160,499)	(77,295)
At 31 March 2017	102	47,728	329,719	4,031,227	4,408,776

Sygil Group Limited

**Company statement of changes in equity
For the year ended 31 March 2016**

	Called up share capital	Share premium account	Share based payment reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 April 2015	97	8,240	218,729	2,038,012	2,265,078
Comprehensive income for the year					
Profit for the year	-	-	-	2,072,876	2,072,876
Contributions by and distributions to owners					
Dividends paid	-	-	-	(239,776)	(239,776)
Shares issued during the year	5	39,488	-	-	39,493
Transfer to profit and loss account	-	-	-	132,492	132,492
Transfer between reserves	-	-	(132,492)	-	(132,492)
Share based payment reserve movement	-	-	160,278	-	160,278
Total transactions with owners	5	39,488	27,786	(107,284)	(40,005)
At 31 March 2016	102	47,728	246,515	4,003,604	4,297,949

Sygil Group Limited

**Consolidated statement of cash flows
For the year ended 31 March 2017**

	2017 £	2016 £
Cash flows from operating activities		
Profit for the financial year	2,050,084	1,414,602
Adjustments for:		
Depreciation of tangible assets	751,486	603,553
Government grants	(702,245)	(986,915)
Interest paid	22,975	27,489
Interest received	(28,677)	(32,296)
Taxation charge	448,703	174,838
(Increase)/decrease in debtors	(987,941)	319,556
Increase in amounts owed by associates	(220,362)	-
Increase/(decrease) in creditors	688,000	(2,907)
Increase in amounts owed to associates	47,244	-
Corporation tax paid	(387,359)	(333,139)
Share based payment charge	96,441	160,278
Revenue relating to associate	(420,850)	(483,660)
Share of operating loss of associate	242,035	215,823
Government grants received	1,050,835	888,676
Net cash generated from operating activities	2,650,369	1,965,898
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,392,236)	(689,707)
Sale of tangible fixed assets	30	331
Government grants received	116,075	119,975
Purchase of share in associates	(125,000)	(125,000)
Interest received	28,677	32,296
Net cash used in investing activities	(1,372,454)	(662,105)
Cash flows from financing activities		
Issue of ordinary shares	-	39,493
Repayment of loans	-	(235,667)
Repayment of finance leases	(251,788)	(158,564)
Dividends paid	(173,736)	(239,776)
HP interest paid	(22,975)	(21,037)
Bank interest paid	-	(6,452)
Net cash used in financing activities	(448,499)	(622,003)

Sygil Group Limited

**Consolidated statement of cash flows (continued)
For the year ended 31 March 2017**

	2017 £	2016 £
Net increase in cash and cash equivalents	829,416	681,790
Cash and cash equivalents at beginning of year	5,530,232	4,848,442
Cash and cash equivalents at the end of year	6,359,648	5,530,232
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	6,359,648	5,530,232

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

1. Accounting policies

1.1 Basis of preparation of financial statements

Sygil Group Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations and principal activity is set out in the group strategic report.

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

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 2).

The following principal accounting policies have been applied:

1.2 Basis of consolidation

The consolidated financial statements present the results of Group and its own subsidiaries ("the Group") as they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

1.3 Associates and joint ventures

An entity is treated as a joint venture where the Group is a party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investors share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Any premium on acquisition is dealt with in accordance with the goodwill policy.

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

1. Accounting policies (continued)

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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.

Revenue represents the value of drug discovery services provided in the year excluding value added tax.

Revenue is recognised as contractual obligations are fulfilled. Fee for service work is recognised when the project is completed.

Certain contracts allow costs incurred on the projects to be recharged. Where the company is the principal in the transaction the turnover is recognised as the related costs are incurred.

1.5 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.

Depreciation is provided on the following basis:

Leasehold improvements	- Straight line over remaining lease term
Laboratory equipment	- 3 to 10 years 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 the consolidated statement of comprehensive income.

1.6 Operating leases

Rentals paid under operating leases are charged to the consolidated statement of comprehensive income 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.

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

1. Accounting policies (continued)

1.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted Group shares are stated at historic cost less impairment.

1.8 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.

1.9 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.

In the consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

1.10 Financial instruments

The Group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and loans from banks and other third parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

1. Accounting policies (continued)

1.10 Financial instruments (continued)

difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

1.11 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.

1.12 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 the consolidated statement of comprehensive income 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 consolidated statement of comprehensive income in the same period as the related expenditure.

1.13 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.

1.14 Finance costs

Finance costs are charged to the consolidated statement of comprehensive income 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.

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

1. Accounting policies (continued)

1.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

1.16 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income 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 Group 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 consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with fair value of goods and services received.

1.17 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the consolidated statement of comprehensive income 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 Group in independently administered funds.

1.18 Interest income

Interest income is recognised in the consolidated statement of comprehensive income using the effective interest method.

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

1. Accounting policies (continued)

1.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

1.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated statement of comprehensive income, 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 and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

2. Judgments in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have had to make the following judgments:

- Determine whether leases entered into by the company either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the company's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- Tangible fixed assets (see note 12) are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on the number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Investments in associates (see note 13) are considered for indicators of impairment on an annual basis. Where indicators of impairment exist, an impairment test is carried out. This requires certain judgements including estimates of future cash flows to determine the value in use of the investment in order to determine whether the recoverable amount is less than the carrying amount and therefore an impairment is required.

3. Turnover

The whole of the turnover is attributable to the single principal activity of the group as disclosed in the group strategic report.

Analysis of turnover by country of destination:

	2017 £	2016 £
United Kingdom	7,818,795	6,503,108
Rest of Europe	3,503,112	48,359
Rest of the world	3,633,588	5,778,767
	<u>14,955,495</u>	<u>12,330,234</u>

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

4. Other operating income

	2017 £	2016 £
Other operating income	298,478	-
Government grants receivable	668,833	980,482
	<u> </u>	<u> </u>

5. Operating profit

The operating profit is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets	751,487	603,552
Fees payable to the Group's auditor and its associates for the audit of the company's annual financial statements	13,000	12,000
Defined contribution pension cost	653,419	570,748
Operating lease rentals	403,811	402,548
	<u> </u>	<u> </u>

The auditor's remuneration for the company was £1,000 (2016 - £1,000).

Sygil Group Limited

**Notes to the financial statements
For the year ended 31 March 2017**

6. Employees

Staff costs, including directors' remuneration, were as follows:

	2017 £	2016 £
Wages and salaries	5,448,039	5,143,389
Social security costs	562,576	476,445
Cost of defined contribution scheme	653,419	570,748
	<u>6,664,034</u>	<u>6,190,582</u>

Included within wages and salaries are share-based payment expenses of £96,441 (2016 - £160,278).

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Administration	17	14
Research and development	136	115
Marketing	1	1
Sales	3	3
	<u>157</u>	<u>133</u>

7. Directors' remuneration

	2017 £	2016 £
Directors' emoluments	441,689	469,455
Company contributions to defined contribution pension schemes	65,358	62,882
	<u>507,047</u>	<u>532,337</u>

During the year retirement benefits were accruing to 4 directors (2016 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £139,264 (2016 - £138,696).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £21,423 (2016 - £15,738).

Sygil Group Limited

**Notes to the financial statements
For the year ended 31 March 2017**

8. Interest receivable

	2017	2016
	£	£
Other interest receivable	28,677	32,296
	<u><u>28,677</u></u>	<u><u>32,296</u></u>

9. Interest payable and similar charges

	2017	2016
	£	£
Bank interest payable	-	6,421
Finance leases and hire purchase contracts	22,975	21,037
Other interest payable	-	31
	<u><u>22,975</u></u>	<u><u>27,489</u></u>

10. Taxation

	2017	2016
	£	£
Corporation tax		
Current tax on profits for the year	419,521	88,881
	<u><u>419,521</u></u>	<u><u>88,881</u></u>
Deferred tax		
Accelerated capital allowances	35,348	118,038
Other timing differences	(6,166)	(32,081)
	<u><u>29,182</u></u>	<u><u>85,957</u></u>
Total deferred tax		
	<u><u>29,182</u></u>	<u><u>85,957</u></u>
Taxation on profit on ordinary activities	448,703	174,838
	<u><u>448,703</u></u>	<u><u>174,838</u></u>

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £	2016 £
Profit on ordinary activities before tax	<u>2,498,787</u>	<u>1,589,440</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	499,757	317,888
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	3,845	9,379
Rate differences in relation to origination and reversal of other timing differences	(77,913)	6,368
Adjustment in research and development tax credit leading to a decrease in the tax charge	(61,777)	(191,583)
Special factors affecting joint-ventures and associates leading to an increase in the tax charge	96,128	43,165
Grant released	(11,337)	(10,379)
Total tax charge for the year	<u>448,703</u>	<u>174,838</u>

Factors that may affect future tax charges

The provision for deferred tax is calculated based on the tax rates enacted or substantially enacted at the statement of financial position date. The finance (No.2) Act 2015 enacted the corporation tax rate to reduce from the current rate of 20% to 19% from April 2017 with a further reduction to 18% from April 2020. On 16 March 2016, the Chancellor of the Exchequer announced that legislation would be introduced in Finance Act 2016 to reduce the main rate of corporation tax to 17% from April 2020, superseding the 18% rate effective from that date introduced in the Finance (No. 2) Act 2015. These changes to the future tax rate were substantively enacted at the balance sheet date. The provision for deferred tax on the financial statements has been based upon the relevant rate to which the timing differences are expected to reverse.

11. Dividends

	2017 £	2016 £
Dividends paid	<u>173,736</u>	<u>239,776</u>

Sygil Group Limited

**Notes to the financial statements
For the year ended 31 March 2017**

12. Tangible fixed assets

Group

	Leasehold improvements £	Laboratory equipment £	Total £
Cost or valuation			
At 1 April 2016	2,392,387	3,594,673	5,987,060
Additions	269,049	1,195,217	1,464,266
Disposals	-	(6,026)	(6,026)
At 31 March 2017	<u>2,661,436</u>	<u>4,783,864</u>	<u>7,445,300</u>
Depreciation			
At 1 April 2016	879,399	1,466,341	2,345,740
Charge for the period on owned assets	210,749	430,936	641,685
Charge for the period on financed assets	-	109,802	109,802
Disposals	-	(5,996)	(5,996)
At 31 March 2017	<u>1,090,148</u>	<u>2,001,083</u>	<u>3,091,231</u>
Net book value			
At 31 March 2017	<u>1,571,288</u>	<u>2,782,781</u>	<u>4,354,069</u>
At 31 March 2016	<u>1,512,988</u>	<u>2,128,332</u>	<u>3,641,320</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2017 £	2016 £
Laboratory Equipment	<u>648,729</u>	<u>679,771</u>

Sygil Group Limited

**Notes to the financial statements
For the year ended 31 March 2017**

13. Fixed asset investments

Group

	Investments in associates £
Cost or valuation	
At 1 April 2016	394,581
Additions	721,852
Share of loss	(242,035)
At 31 March 2017	<u>874,398</u>
Net book value	
At 31 March 2017	<u><u>874,398</u></u>
At 31 March 2016	<u><u>394,581</u></u>

Company

	Investments in subsidiary companies £	Investments in associates £	Total £
Cost or valuation			
At 1 April 2016	419,598	684,886	1,104,484
Additions	96,441	955,584	1,052,025
At 31 March 2017	<u>516,039</u>	<u>1,640,470</u>	<u>2,156,509</u>
Net book value			
At 31 March 2017	<u><u>516,039</u></u>	<u><u>1,640,470</u></u>	<u><u>2,156,509</u></u>
At 31 March 2016	<u><u>419,598</u></u>	<u><u>684,886</u></u>	<u><u>1,104,484</u></u>

Sygil Group Limited

**Notes to the financial statements
For the year ended 31 March 2017**

14. Debtors

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade debtors	1,102,274	450,708	-	-
Amounts owed by associates	220,362	-	-	-
Other debtors	17,346	176,567	15,631	176,001
Prepayments and accrued income	732,905	413,311	-	-
	<u>2,072,887</u>	<u>1,040,586</u>	<u>15,631</u>	<u>176,001</u>

15. Cash and cash equivalents

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Cash at bank and in hand	6,359,648	5,530,232	4,041,539	3,017,467

16. Creditors: Amounts falling due within one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Trade creditors	1,200,537	786,073	-	-
Amounts owed to group undertakings	-	-	1,800,085	3
Amounts owed to associates	47,244	-	-	-
Corporation tax	121,043	88,881	4,815	-
Taxation and social security	169,917	128,673	-	-
Obligations under finance lease and hire purchase contracts	274,339	238,529	-	-
Other creditors	1	-	3	-
Accruals and deferred income	599,756	367,465	-	-
	<u>2,412,837</u>	<u>1,609,621</u>	<u>1,804,903</u>	<u>3</u>

Finance lease and hire purchase creditors are secured over the assets concerned.

Sygil Group Limited

**Notes to the financial statements
For the year ended 31 March 2017**

17. Creditors: Amounts falling due after more than one year

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Obligations under finance leases and hire purchase contracts	<u>140,835</u>	<u>356,403</u>	<u>-</u>	<u>-</u>

Details of the finance lease and hire purchase contracts are included in note 18 of the financial statements.

Finance lease and hire purchase creditors are secured over the assets concerned.

18. Finance leases and hire purchase

Minimum lease payments under hire purchase fall due as follows:

	Group 2017 £	Group 2016 £
Within one year	274,338	238,529
Between 1-2 years	134,042	249,019
Between 2-5 years	6,793	107,384
	<u>415,173</u>	<u>594,932</u>

Finance lease and hire purchase creditors are secured over the assets concerned.

19. Financial instruments

	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
Financial assets				
Financial assets that are debt instruments measured at amortised cost	<u>7,699,630</u>	<u>6,157,507</u>	<u>4,057,170</u>	<u>3,193,468</u>
Financial liabilities				
Financial liabilities measured at amortised cost	<u>(2,262,712)</u>	<u>(1,748,470)</u>	<u>(1,800,088)</u>	<u>(3)</u>

Financial assets that are debt instruments measured at amortised cost comprise cash, trade debtors, amounts owed by associated undertakings and other debtors.

Financial liabilities measured at amortised cost comprise bank loans, trade creditors, amounts owed by group undertakings, amounts owed to associates, obligations under finance lease and hire purchase contracts, other creditors and accruals and deferred income.

Sygil Group Limited

**Notes to the financial statements
For the year ended 31 March 2017**

20. Deferred taxation

Group

	2017 £	2016 £
At beginning of year	529,614	443,656
Charged to profit or loss	29,182	85,957
At end of year	558,796	529,613

The provision for deferred taxation is made up as follows:

	Group 2017 £	Group 2016 £
Accelerated capital allowances	649,220	613,872
Other timing differences	(90,424)	(84,259)
	558,796	529,613

21. Deferred grant income

During the year the group received a further grant amounting to £1,166,909 (2016 - £1,008,651). In accordance with the accounting policy this is to be released to the profit and loss account as the associated costs are incurred.

	2017 £	2016 £
Unreleased opening grant	280,250	258,514
Grant received in the year	1,166,909	1,008,651
Grant released to profit and loss	(723,361)	(1,032,567)
Foreign exchange movements	21,116	45,652
	744,914	280,250

Included in the £723,361 (2016 - £1,032,567) released to profit and loss in the year is £668,833 (2016 - £980,482) in respect of revenue grants which is shown in other operating income (note 4). The remaining £54,528 (2016 - £51,893) relates to capital grants and is netted against depreciation. In addition to this, the revenue grant incurred an additional profit and loss gain of £21,116 (2016 - gain £45,652) which relates to foreign exchange movements. As the revenue grants which are received in a foreign currency continue to be held in that currency, any foreign exchange movements are offset by the foreign exchange movements of the associated cash balance.

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

22. Share capital

	2017 £	2016 £
Shares classified as equity		
Allotted, called up and fully paid		
101,600 Ordinary shares of £0.001 each	<u>102</u>	<u>102</u>

The total number of options over ordinary shares £0.001 each that had been granted but not exercised or lapsed at 31 March 2017 was as follows:

Number of shares	Exercise price (£)	Earliest exercise date	Date options lapse
2,000	25.08	17/03/2017	17/03/2024
2,550	35.27	07/10/2018	07/10/2025

23. Reserves

Share premium account

Amount subscribed for share capital in excess of nominal value.

Merger Reserve

Arose on a past business combination that was accounted for as a merger in accordance with UK GAAP as applied at that time.

Profit & loss account

All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

24. Share based payments

The group operates Enterprise Management Incentive Scheme (EMI). The options are over Sygil Group Limited. The options vest based on vesting periods and may not be exercised after the expiry of the period of 3 years beginning at the original date of grant.

	Weighted average exercise price (pence) 2017	Number 2017	Weighted average exercise price (pence) 2016	Number 2016
Outstanding at the beginning of the year	31.11	4,900	13.79	6,500
Granted during the year	-	-	35.27	2,900
Forfeited during the year	35.27	(350)	-	-
Exercised during the year	-	-	8.78	(4,500)
Outstanding at the end of the year	30.79	4,550	31.11	4,900

The exercise price of options outstanding at the end of the year ranged between £25.08 and £35.27 (2016 - £25.08 and £35.27) and their weighted average contractual life is 7.51 years (2016 - 8.54 years).

Of the total number of options outstanding at the end of the year 2,000 (2016 - none) had vested and 2,000 (2016 - none) were exercisable at the end of the year.

There were no (2016 - 4,500) options exercised during the year.

The weighted average fair value of each option granted during the year ended 31 March 2017 was £Nil as none had been granted (2016 - £35.27).

The following information is relevant in the determination of the fair value of options granted during the year under the equity settled remuneration scheme operated by the group.

The option pricing model used was the Black Scholes model and the assumptions used in the calculation were:

	2017	2016
Weighted average share price (£)	-	141.08
Exercise price (£)	-	35.27
Weighted average contractual life (years)	-	3
Expected volatility (%)	-	80
Expected dividend growth rate	-	1.80
Risk-free interest rate (%)	-	1.00

The volatility is based on the assessment of the share price volatility of similar entities.

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

24. Share based payments (continued)

The share based remuneration expense comprises:

	2017 £	2016 £
Equity-settled schemes	<u>96,441</u>	<u>160,278</u>

25. Pension commitments

The group operates defined contribution pension schemes, the assets of which are held separately from those of the group in independently administered funds. The pension costs charged to the profit and loss account represent contributions payable by the group during the year and amounted to £653,419 (2016 - £570,748) of which £2,735 (2016 - £1,791) was unpaid at the balance sheet date and are included in creditors.

26. Commitments under operating leases

At 31 March 2017 the Group had future minimum lease payments under non-cancellable operating leases as follows:

	Group 2017 £	Group 2016 £
Not later than 1 year	344,603	402,548
Later than 1 year and not later than 5 years	1,171,167	1,354,446
Later than 5 years	95,589	669,124
	<u>1,611,359</u>	<u>2,426,118</u>

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

27. Related party transactions

S C Hirst, a director of the company, received a dividend payment of £139,365 (2016 - £192,340).

During the year the group acquired a further 550,000 shares (2016 - 187,500 shares) in Step Pharma SAS for consideration of €1,100,000 (2016 - €375,000). The group ended the year with total shareholding in Step Pharma SAS of 26.12% (2016 - 29.03%). The consideration was satisfied by carrying out work on behalf Step Pharma SAS during the year of €518,568 (2016 - €658,568).

During the year sales of £911,376 (2016 - £Nil) were made to Step Pharma SAS. The amount outstanding from Step Pharma SAS due to the group at the year end was £220,362 (2016 - £Nil).

During the year the group increased its shareholding of Peak Proteins Limited to 50% (2016 - 33.33%) through the purchase of 166,666 shares (2016 - 166,666 shares) for consideration in cash of £125,000 (2016 - £125,000).

During the year purchases of £107,964 (2016 - £9,726) were made from Peak Proteins Limited. The amount outstanding at the year end was £47,244 (2016 - £2,646).

Key management personnel include all directors of the group who together have the authority and responsibility for planning, directing and controlling the activities of the group. The total paid to key management personnel for services provided to the group during the year was £555,652 (2016 - £582,238).

28. Post balance sheet events

On 31 July 2017 4,550 options over ordinary shares were exercised by the option holders and as such 4,550 ordinary shares of £0.001 each were issued by the company.

The company also issued a further 533 ordinary shares of £0.001 each increasing the company's total issued share capital to 106,683 ordinary shares of £0.001 each.

Subsequently, the shares were sub-divided and reclassified into 106,683 A Ordinary Shares of £0.0004 each, 106,683 B Ordinary Shares of £0.0003 each and 106,683 C Ordinary Shares of £0.0003 each.

On 1 August 2017 the 106,683 A Ordinary Shares of £0.0004 each, 106,683 B Ordinary Shares of £0.0003 each and 106,683 C Ordinary Shares of £0.0003 each were consolidated and reclassified into 106,683 Ordinary Shares of £0.001 each.

The company's investments in Sygnature Discovery Limited, Sygnature Chemical Services Limited and Peak Proteins Limited were transferred post year end.

29. Controlling party

Sygil Group Limited is controlled by S C Hirst who is the majority shareholder.

Sygil Group Limited

Notes to the financial statements For the year ended 31 March 2017

30. Subsidiary undertakings

The following were subsidiary undertakings of the Company which are all incorporated in England & Wales and their registered office is as per the company information page:

Name	Class of shares	Holding	Principal activity
			Collaborative integrated drug discovery services to the pharmaceutical and biotechnology market
Sygnature Discovery Limited	Ordinary	100 %	
Sygnature Chemical Services Limited	Ordinary	100 %	Dormant
Sygil Research Limited	Ordinary	100 %	Dormant
Sygil Research (Cystic Fibrosis) Limited	Ordinary	100 %	Dormant

Participating interests

Associates

Name	Country of incorporation	Class of shares	Holding	Principal activity
Step Pharma SAS	France	Ordinary	26.12%	Genetic research and development
Peak Proteins Limited	England & Wales	Ordinary	50.00%	Protein supply and protein structure determination