

**REPORT OF THE TRUSTEES AND
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023
FOR
PHELIX RESEARCH AND DEVELOPMENT**

MHA (trading name of MacIntyre Hudson LLP)
Limited liability partnership in England & Wales
Registered number OC312313
Elfed House
Oak Tree Court
Cardiff Gate Business Park
CARDIFF
County of Cardiff
CF23 8RS

PHELIX RESEARCH AND DEVELOPMENT

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FOR THE YEAR ENDED 31 DECEMBER 2023**

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PHELIX RESEARCH AND DEVELOPMENT

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2023

The trustees, who are also directors of the charity for the purposes of the Companies Act 2006, present their report with the financial statements of the charity for the year ended 31 December 2022. The trustees have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019).

OBJECTIVES AND ACTIVITIES

Objectives and aims

The charity's objects as stated in its Articles of Association are:

"To protect and promote the health of the public in particular by research into the nature, cases, diagnosis, prevention, treatment and cure of chronic infection diseases, including the development of findings of research into practical applications for the prevention, treatment and cure of chronic infection diseases and in furtherance of that primary objective, to support information and raise public understanding of such matters, and to support the research on bacteriophages for bacterial infections in a chronic phase and to develop therapeutic programs based on bacteriophages."

Phelix Research & Development (Phelix R&D) is a medical research charity. The charity works hand in hand with Phelix France, registered in France as an 'Association d'Intérêt Général'.

Its team is a strong co-partnership of healthcare professionals (practitioners, immunologists and university researchers, amongst them Leicester University) and volunteers, working together to reach the charity's key objectives.

The overall aim is to develop phage-based diagnostic and treatment of Lyme disease. To-date, we have developed a novel phage-based diagnostic method targeting Lyme *Borrelia* strains. This novel diagnostic method showed higher sensitivity compared to the current diagnostic methods. With further development, our phage-based method could have the power to distinguish between active and non-active Lyme infection and offer a promise of early Lyme diagnostics.

In addition to our pioneer work in Lyme diagnostics, we have also developed our pipelines of methodologies in isolation and identification of phages that specifically infect Lyme *Borrelia* strains, and we are currently actively screening for phages. Once we identify phages, we will test the efficacy of these phages in killing *Borrelia* strain, and develop them towards therapeutics.

Activity update

Phelix R&D Activity in 2023:

- RedLab sold 1,292 rests in 2023 versus 1,750 in 2022, a drop of 26% YoY.
- Phelix R&D negotiated with the University of Leicester to reduce its contribution to the research. The University found some internal resources to fund itself for the first half of 2023, while the Charity financed the research for the second half of 2023.
- The research primarily focused on understanding why the traditional *Borrelia* strain (BB31) is less prevalent in Europe than in the US.
- The University of Leicester kept developing new primers for *Bartonella* strains.
- The University of Leicester, in collaboration with Red Laboratories, focused on implementing a series of triplicate qPCR assays for *Borrelia burgdorferi sensu lato*.

Phelix R&D worked in partnership with the University of Leicester to publish a research paper titled 'Combining Citizen Science and Molecular Diagnostic Methods to Investigate the Prevalence of *Borrelia burgdorferi* s.l. and *Borrelia miyamotoi* in Tick Pools Across Great Britain': <https://pubmed.ncbi.nlm.nih.gov/37180256/>

The University of Leicester, Phelix R&D, and Red Laboratories have finalized and published a research article in the European Society of Medicine: Overcoming the Challenges of Lyme Disease Diagnosis: The Role of Phage-based Testing: <https://esmed.org/MRA/mra/article/view/4650>

Phelix R&D and Red Lab attended the ILDS conference in Boston in October 2023. They presented Phelix R&D's research to medical professionals and a panel of university researchers.

OBJECTIVES AND ACTIVITIES

Public benefit

The trustees can confirm that they have complied with the duty in Section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charities Commission. Significant activities that we undertook during the year that demonstrate public benefit are set out above.

PHELIX RESEARCH AND DEVELOPMENT

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL REVIEW

Financial position

During the year, the charity received income totalling £45,045 and incurred expenditure of £41,390, giving a net surplus position of £3,655.

Phelix R&D recognised income of £45,001 from RedLab Belgium from the commercialisation of the Phage based test for the year 2023.

Reserves policy

Whilst the trustees are aware of the need to build reserves for a sustainable future. This is not considered necessary at this time due to the support of the trustees.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The charity is governed by its Memorandum and Articles of Association and constitutes a company limited by guarantee, as defined by the Companies Act 2016.

Recruitment and appointment of new trustees

Trustees are appointed or removed or retire by resolution of the trustees at board meeting or the Annual General Meeting.

Organisational structure

The Board of Trustees administers the company. The Board meets quarterly.

Induction and training of new trustees

Trustees are fully briefed on their legal obligations under charity and company law. Trustees are also urged to make use of the training and advice available on the Charity Commission website.

Risk management

The trustees have a duty to identify and review the risks to which the charity is exposed and to ensure appropriate controls are in place to provide reasonable assurance against fraud and error.

REFERENCE AND ADMINISTRATIVE DETAILS

Registered Company number

08820009 (England and Wales)

Registered Charity number

1156666

Registered office

37 Langton Street
Chelsea
LONDON
Greater London
SW10 0JL

Trustees

Mr F A G C Louvet
Dr L C Teulieres

Independent Examiner

MHA (trading name of MacIntyre Hudson LLP)
Limited liability partnership in England & Wales
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Approved by order of the board of trustees on 19 December 2024 and signed on its behalf by:

PHELIX RESEARCH AND DEVELOPMENT
REPORT OF THE TRUSTEES
FOR THE YEAR ENDED 31 DECEMBER 2023

Mr F A G C Louvet - Trustee

INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF PHELIX RESEARCH AND DEVELOPMENT

Independent examiner's report to the trustees of Phelix Research and Development ('the Company')

I report to the charity trustees on my examination of the accounts of the Company for the year ended 31 December 2023.

Responsibilities and basis of report

As the charity's trustees of the Company (and also its directors for the purposes of company law) you are responsible for the preparation of the accounts in accordance with the requirements of the Companies Act 2006 ('the 2006 Act').

Having satisfied myself that the accounts of the Company are not required to be audited under Part 16 of the 2006 Act and are eligible for independent examination, I report in respect of my examination of your charity's accounts as carried out under Section 145 of the Charities Act 2011 ('the 2011 Act'). In carrying out my examination I have followed the Directions given by the Charity Commission under Section 145(5) (b) of the 2011 Act.

Independent examiner's statement

I have completed my examination. I confirm that no matters have come to my attention in connection with the examination giving me cause to believe:

1. accounting records were not kept in respect of the Company as required by Section 386 of the 2006 Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the accounting requirements of Section 396 of the 2006 Act other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination; or
4. the accounts have not been prepared in accordance with the methods and principles of the Statement of Recommended Practice for accounting and reporting by charities (applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)).

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Julia Mortimer

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19 December 2024

PHELIX RESEARCH AND DEVELOPMENT

**STATEMENT OF FINANCIAL ACTIVITIES
(INCORPORATING AN INCOME AND EXPENDITURE ACCOUNT)
FOR THE YEAR ENDED 31 DECEMBER 2023**

		2023 Unrestricted fund £	2022 Total funds £
INCOME AND ENDOWMENTS FROM	Notes		
Donations and legacies		44	21
Charitable activities			
Research		45,001	60,184
Total		<u>45,045</u>	<u>60,205</u>
EXPENDITURE ON			
Charitable activities	3		
Research		41,390	80,501
NET INCOME/(EXPENDITURE)		3,655	(20,296)
RECONCILIATION OF FUNDS			
Total funds brought forward		(347,759)	(327,463)
TOTAL FUNDS CARRIED FORWARD		<u>(344,104)</u>	<u>(347,759)</u>

The notes form part of these financial statements

PHELIX RESEARCH AND DEVELOPMENT

BALANCE SHEET **31 DECEMBER 2023**

		2023 Unrestricted fund £	2022 Total funds £
	Notes		
FIXED ASSETS			
Intangible assets	8	8,753	10,942
CURRENT ASSETS			
Debtors	9	18,766	25,786
Cash at bank		47,612	52,290
		<u>66,378</u>	<u>78,076</u>
CREDITORS			
Amounts falling due within one year	10	(38,570)	(54,531)
		<u>27,808</u>	<u>23,545</u>
NET CURRENT ASSETS			
		36,561	34,487
CREDITORS			
Amounts falling due after more than one year	11	(380,665)	(382,246)
		<u>(344,104)</u>	<u>(347,759)</u>
NET ASSETS			
FUNDS	12		
Unrestricted funds		(344,104)	(347,759)
TOTAL FUNDS		<u>(344,104)</u>	<u>(347,759)</u>

The charitable company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 December 2023.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 December 2023 in accordance with Section 476 of the Companies Act 2006.

The trustees acknowledge their responsibilities for

- (a) ensuring that the charitable company keeps accounting records that comply with Sections 386 and 387 of the Companies Act 2006 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the charitable company as at the end of each financial year and of its surplus or deficit for each financial year in accordance with the requirements of Sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the charitable company.

These financial statements have been prepared in accordance with the provisions applicable to charitable companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 19 December 2024 and were signed on its behalf by:

Mr F A G C Louvet - Trustee

The notes form part of these financial statements

1. STATUTORY INFORMATION

Phelix Research and Development is a registered charity and private company limited by guarantee having no share capital. Members have agreed to contribute £10 in the event of a winding up.

The company is incorporated in the United Kingdom and its registered office is 37 Langton Street, Chelsea, London, SW10 0JL

The nature of the company's operations and principal activities is disclosed within the Report of the Trustees.

The financial statements are presented in Sterling (£), the company's functional currency, and rounded to the nearest pound.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102 S1A Update Bulletin 1) (effective 1 January 2019)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

There have been no material departures from the Financial Reporting Standard 102 1A.

Going concern

The charity has the ongoing support of the trustees.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all cost related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful life. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

The useful economic lives of intangible assets are as follows:

Patents - 10 years

Taxation

The charity is exempt from corporation tax on its charitable activities.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the trustees.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes.

2. ACCOUNTING POLICIES - continued

Fund accounting

Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

3. CHARITABLE ACTIVITIES COSTS

	Direct Costs (see note 4) £	Support costs £	Totals £
Research	41,229	161	41,390

4. DIRECT COSTS OF CHARITABLE ACTIVITIES

	2023 £	2022 £
Fees to Leicester University	36,741	73,660
Legal & professional fees	218	780
Governance costs	948	1,374
Foreign currency (gain)/losses	413	1,751
Website Maintenance	720	609
Depreciation	2,189	2,189
	41,229	80,363

5. NET INCOME/(EXPENDITURE)

Net income/(expenditure) is stated after charging/(crediting):

	2023 £	2022 £
Patents and licences amortisation	2,189	2,189
Independent examination	864	864

6. TRUSTEES' REMUNERATION AND BENEFITS

There was no trustees' remuneration or other benefits for the year ended 31 December 2023 or for the period ended 31 December 2022.

Trustees' expenses

There were no trustees' expenses paid for the year ended 31 December 2023 or for the period ended 31 December 2022.

7. COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES

All income and expenditure in the period to 31 December 2023 was unrestricted.

8. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 January 2023 and 31 December 2023	21,887
AMORTISATION	
At 1 January 2023	10,945
Charge for year	2,189
At 31 December 2023	13,134
NET BOOK VALUE	
At 31 December 2023	8,753
At 31 December 2022	10,942

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Accrued income	18,766	25,786

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2023 £	2022 £
Accruals and deferred income	38,570	54,531

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

	2023 £	2022 £
Loan from trustee	311,305	311,305
Other loans	69,360	70,941
	380,665	382,246

The loan from trustee has a term of six years and provides funding facilities to the charity to undertake its research work. The loan is interest free and will only be repayable after the charity secures sufficient independent funding.

The additional loan has a term of four years and also provides funding facilities to the charity to carry out its research work. The loan is interest free and will only be repayable if revenue is generated from licensing its patents.

12. MOVEMENT IN FUNDS

	At 1/1/23 £	Net movement in funds £	At 31/12/23 £
Unrestricted funds			
General fund	(347,759)	3,655	(344,104)
TOTAL FUNDS	(347,759)	3,655	(344,104)

12. MOVEMENT IN FUNDS - continued

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	45,045	(41,390)	3,655
TOTAL FUNDS	<u>45,045</u>	<u>(41,390)</u>	<u>3,655</u>

Comparatives for movement in funds

	At 1/1/22 £	Net movement in funds £	At 31/12/22 £
Unrestricted funds			
General fund	(327,463)	(20,296)	(347,759)
TOTAL FUNDS	<u>(327,463)</u>	<u>(20,296)</u>	<u>(347,759)</u>

Comparative net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Movement in funds £
Unrestricted funds			
General fund	60,205	(80,501)	(20,296)
TOTAL FUNDS	<u>60,205</u>	<u>(80,501)</u>	<u>(20,296)</u>

13. RELATED PARTY DISCLOSURES

There were no related party transactions for the year ended 31 December 2023 that require disclosure, other than the loan from trustee as disclosed in note 11.