13 June 2019

Syncona Limited

Final Results for the Year Ended 31 March 2019

Strong performance driven by operational and financial progress in our Life Science companies

Strong returns and NAV increase

- Net Asset Value ("NAV") of £1,455.1 million (2018: £1,055.8 million), 216.8 p per share (2018: 158.9p per share), a total return of 37.9 per cent (2018: 18.7 per cent)
- Life science portfolio valued at £1,055.4 million (2018: £514.5 million), a 77.9 per cent return (2018: 57.2 per cent), primarily driven by valuation increases in Blue Earth, Autolus and Nightstar

Operational and Clinical Highlights

- Foundation of three highly innovative portfolio companies OMASS Therapeutics (drug discovery), Anaveon (immuno-oncology), and Quell Therapeutics (cell therapy), in line with Syncona's strategy to found, build and fund global leaders in healthcare
- Ongoing progress in the clinical pipeline with eight live clinical trials at year end
  - Positive data delivered in Blue Earth (Glioma), Freeline (Haemophilia B) and Autolus (AUTO3 pALL and DLBCL, AUTO1 pALL and adult ALL)
  - Commenced two new clinical trials Autolus (AUTO4, T Cell Lymphoma) and Gyroscope (FOCUS trial, Dry Age-related Macular Degeneration)
- Merger of Gyroscope (retinal gene therapy), with Orbit Biomedical (sub-retinal surgical platform), to create the world's first end-to-end retinal gene therapy company with clinical, delivery and manufacturing capabilities
- Blue Earth Diagnostics (Blue Earth) (commercial stage PET imaging agent) filed a supplemental New Drug Application with the U.S Food and Drug Administration (FDA) for use of Axumin in Glioma
- Strong progress developing industrial scale throughout the portfolio, in particular by continuing to invest in and develop key areas such as manufacturing and delivery in gene and cell therapy

Financial Highlights

- Capital deployment into life science companies of £138.6 million (2018: £127.2 million)
- Strategic capital pool of £399.7 million at year end to fund our growing Life Science portfolio (2018: £541.3m)
- Blue Earth Diagnostics continued to deliver strong performance with sales of £83.9 million[1] (2018: £35.9 million) and EBITDA of £28.7 million, Syncona's 89 per cent stake is now valued at £267.5 million (2018: £186.8 million), a gain of £94.9 million over the year, including a £14.2 million distribution from the company
- Nightstar (retinal gene therapy) targeting inherited forms of blindness, reached agreement to be acquired by Biogen for $877.0 million during the year, representing a 4.5x return on original investment for Syncona; £255.8 million[2] of proceeds received post year-end (2018 valuation: £124.5 million).
- Autolus (CAR-T cell immunotherapy) completed a successful $172.2 million NASDAQ IPO (in which Syncona invested $24.0 million) followed by a $109.0 million follow-on financing post period end in which Syncona invested a further $24.0 million. Our holding increased in value by £225.0 million to £328.2 million at year end (2018: £85.1 million).
- Freeline (systemic gene therapy) completed an £88.4 million Series B financing with an £85 million commitment by Syncona.
- Annual charitable donation of £4.3 million - continued support for Institute of Cancer Research and The Syncona Foundation.

Outlook – strong momentum across our companies and opportunities to invest at scale

As we look to the year ahead we have a high level of conviction in our companies. While clinical and regulatory development processes involve significant risk we believe our portfolio is well placed and we anticipate strong momentum across our pipeline of eight clinical trials (see Table 2). Particularly important clinical value drivers this financial year are:

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[1] Unaudited, sales for the 12 months ended 31 March 2019.

[2] Expected proceeds as at 31 March 2019 of £258.3 million with a foreign exchange loss of £2.5 million resulting in net proceeds received of £255.8 million.

- Freeline: B-AMAZE – Haemophilia B – Phase 1/2 clinical trial ongoing
- Autolus - AUTO 1 in paediatric ALL and adult ALL Phase 1/2; AUTO 3 in paediatric ALL and DLBCL – Phase 1/2. Following these updates there is the potential to commence up to three Phase 2 registration studies in Autolus.

We also anticipate commencing three new trials in our companies Blue Earth, Freeline and Achilles (see Table 3) and continued progression in the pipeline of preclinical programmes across the portfolio.

Additionally, we expect sales and earnings growth from Axumin in prostate cancer from Blue Earth, and an outcome from the FDA on the potential expansion into Glioma.

We believe there is a clear opportunity to invest at scale in the growing healthcare sector. We have built a portfolio of 10 companies at year end in innovative areas of life science, eight of which we founded. Our high-conviction approach means that we expect to deploy significant further capital across the portfolio this year.

We also see a strong pipeline of opportunities to found new companies. Our aim is to build a portfolio of 15-20 companies and we remain focused on areas where we are strategically positioned, such as cell and gene therapy, but also look at opportunities more broadly across a range of modalities and therapeutic areas.

As a result, we are increasing our guidance on annual capital deployment to £100 - 200 million this year (2018 guidance: £75-150 million).

Martin Murphy, CEO, Syncona Investment Management Limited, said: "Syncona continues to perform strongly driven by significant commercial, clinical and financial progress across our life science companies this year. We have continued to demonstrate the benefits of our differentiated model, in particular with ongoing positive commercial progress in Blue Earth, and with the sale of our retinal gene therapy company Nightstar, to Biogen, for $877 million, five years after we founded the business.

"We enter this financial year with strong momentum across the business, a globally differentiated cell and gene therapy platform and a rich pipeline of opportunities to continue deploying capital and generating returns in life science. Our companies are well positioned as they scale and progress through the development cycle. Our long-term, strategic capital pool underpins the execution of our strategy to found, build and fund globally leading companies as we aim to deliver transformational treatments to patients and generate superior returns for shareholders."

[ENDS]

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About Syncona:

Syncona is a leading FTSE250 healthcare company focused on founding, building and funding global leaders in life science. Our vision is to deliver transformational treatments to patients in truly innovative areas of healthcare while generating superior returns for shareholders.

We seek to partner with the best, brightest and most ambitious minds in science to build globally competitive businesses. We take a long-term view, underpinned by a deep pool of capital, and are established leaders in gene and cell therapy. We focus on delivering dramatic efficacy for patients in areas of high unmet need.

Copies of this press release, a company results presentation, and other corporate information can be found on the company website at: www.synconaltd.com

Forward-looking statements – this announcement contains certain forward-looking statements with respect to the portfolio of investments of Syncona Limited. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from *those expressed or implied by these forward-looking statements. In particular, many companies in the Syncona Limited portfolio are conducting scientific research and clinical trials where the outcome is inherently uncertain and there is significant risk of negative results or adverse events arising. In addition, many companies in the Syncona Limited portfolio have yet to commercialise a product and their ability to do so may be affected by operational, commercial and other risks.*

Table 1: Valuation movements in year:

Company	31 Mar 2018 Value (£m)	Net investment in period (£m)	Valuation change (£m)	31 Mar 2019 value (£m)	% NAV	Valuation basis	Fully diluted ownership stake (%)	Focus area
Life science portfolio companies								
Established								
Blue Earth	186.8	(14.2)	94.9	267.5	18.4	rDCF	89	Advanced diagnostics
Maturing								
Nightstar	124.5	13.8	120.0	***258.3	17.7	Quoted	38	Gene therapy
Autolus	85.1	18.1	225.0	328.2	22.6	Quoted	31	Cell therapy
Freeline	36.0	57.5	-	93.5	6.4	Cost	80	Gene therapy
Gyroscope*	19.6	9.0	0.3	28.9	2.0	Cost	81	Gene therapy
Developing								
Achilles	6.6	9.6	-	16.2	1.1	Cost	69	Cell therapy
SwanBio	4.9	-	0.4	5.3	0.4	Cost	72	Gene therapy
OMASS	-	3.5	-	3.5	0.2	Cost	46	Therapeutics
Anaveon	-	3.7	-	3.7	0.2	Cost	47	Immuno-oncology
Quell	-	8.3	-	8.3	0.6	Cost	69	Cell Therapy
Open forward currency contracts	-	-	(2.5)	(2.5)	(0.2)			
Life Science investments								
CRT Pioneer Fund	30.8	3.5	-	34.3	2.4	Adj. Third-party		
CEGX	9.8	-	(5.9)	3.9	0.3	Adj. PRI		
Endocyte	9.0	(13.9)	4.9	0.0	0.0	Quoted		
Adaptimmune		11.6	(6.7)	4.9	0.3	Quoted		
Syncona Collaborations	1.4	-	-	1.4	0.1	Cost		
SUB-TOTAL	**514.5**	**110.5**	**430.4**	**1,055.4**	**72.5**			
Available capital	**550.3**	**-**	**-**	****413.6**	**28.4**			
Other net liabilities	**(9.0)**	**-**	**-**	**(13.9)**	**(0.9)**			
Capital pool	**541.3**	**-**	**-**	**399.7**	**-**			
TOTAL	**1,055.8**			**1,455.1**	**100**			

*Includes Orbit, following the merger of Gyroscope and Orbit during 2019.
**Against which we have £121.5 million of uncalled commitments. Refer to note 21
*** Expected proceeds as at 31 March 2019 of £258.3 million with a foreign exchange loss of £2.5 million resulting in net proceeds received of £255.8 million.

Table 2: Active clinical pipeline at year end*

Programme / Indication	Status and next steps
Autolus – cell therapy / oncology	
AUTO1 / Paediatric ALL	Phase 1/2 trials progressing, (assessing safety, dose and efficacy) data anticipated this financial year
AUTO1 / Adult ALL	
AUTO2 / Multiple Myeloma	

AUTO3 – Paediatric ALL	
AUTO3 – Adult DLBCL	
AUTO4 – T cell Lymphoma	
Freeline	
B-AMAZE – Haemophilia B	Phase 1/2 trial progressing (assessing safety, dose and efficacy, dose escalation and optimisation phase), further data anticipated this financial year
Gyroscope	
FOCUS – Dry Age-Related Macular Degeneration	Phase 1/2 trial progressing (assessing safety, dose response and efficacy of two doses of GT005). Anticipate completing first dose escalation this financial year .

*Excluding Nightstar, which has been acquired by Biogen

Table 3: Pre-clinical programmes anticipated to commence trials in FY2020

Programme / Indication	Status and next steps
Blue Earth – diagnostics	
PSMA Phase 1	Expect to initiate and complete Phase 1 this financial year
Freeline	
Fabry's	Expect to initiate Phase 1/2 trial in this financial year
Achilles	
Non-small cell lung cancer	Expect to initiate Phase 1/2 trial this financial year

Chairman's Foreword

I am delighted to report another year of strong growth and significant progress. NAV increased to £1,455.1 million, or 216.8p per share[3], a 37.9 per cent total return for the 12 months. Performance was driven by the significant commercial and financial progress of our life sciences companies, in particular Biogen's recommended cash offer of $877.0 million for Nightstar in March 2019.

We made significant strategic progress in 2019. At year end we have 10 companies and a range of life science investments with a combined holding value of £1,055.4 million, or 72.5 per cent of net assets, and a capital pool of £399.7 million. Successful life science companies scale rapidly and access to a strategic capital pool allows the team to form a long-term view and take strategic ownership stakes when founding and building our companies.

Well positioned to deliver superior returns

We have a differentiated model and a high conviction portfolio of life science companies deeply enriched in advanced therapies, and in particular cell and gene therapy.

Our life science companies continue to drive significant returns for shareholders, building on the strong momentum of the last few years. While the future is not without risk, we have an expert multi-disciplinary team, a high-quality portfolio of life science companies and a strategic pool of capital, which enables us to drive strategy and execution across our portfolio.

Our long-term approach and strategy of founding, building and funding businesses around exceptional science positions us well to continue to deliver strong returns for shareholders.

Dividend and charitable donation

The Board has declared a final dividend of 2.3p per share (2018: 2.3p per share) for the year. We announced last year that the Board would be reviewing the Company's dividend policy. Syncona's investment objective is to achieve superior long-term capital appreciation by founding, building and funding global leaders in healthcare. Our companies are fast-growing and capital-intensive and therefore moving forward the Directors believe it is no longer appropriate for Syncona to pay a dividend.

Our charitable donations are an important part of what we do. This year we are donating £4.3 million to support charities in the field of healthcare, in particular cancer, and beyond, taking total charitable donations since the Company was established in 2012 to £27.1 million. This funding is an important source of income for the charities

[3] Fully diluted

we support, and we are pleased to have been able to assist them to continue the important work that they do. We look forward to continuing to maintaining a charitable donation in the years to come.

Continued Board evolution

It is important that the Board continues to evolve with our strategy of building global leaders in life science. I have been Chairman of the Company since its establishment in 2012 and plan to step down from the Board later this financial year and I am delighted Melanie Gee has joined the Board as a non-executive director and Chair-designate. Melanie has a wealth of expertise built from 30 years in investment banking and is an experienced board member, serving on the boards of both FTSE 100 and 250 companies. Melanie is a fantastic addition and I welcome her to the Board.

Jeremy Tigue, Chairman
13 June 2019

CEO Review

2019 was a year of significant progress for Syncona, demonstrating that our model is working. We delivered financial and operational milestones across the portfolio, encouraging early clinical data in our key cell and gene therapy programmes, and continued positive sales and earnings growth in our established company, Blue Earth.

Our strategy in action

This year has seen us make continued progress towards achieving what we set out to do at the foundation of Syncona – to deliver transformational treatments for patients by founding leading companies in exceptional areas of life science, building them for global success and funding them over the long term. We focus on technologies with the potential to deliver dramatic efficacy for patients and support our companies with a strategic pool of capital allocated with discipline against the best opportunities.

In line with this goal, in 2019 we:

- Delivered positive sales growth and profitability growth from our established company Blue Earth, demonstrating the commercial value of products which have a positive impact on patients' lives
- Delivered encouraging data in key clinical trials across our cell and gene therapy companies Autolus, Nightstar and Freeline
- Merged our companies Gyroscope and Orbit Biomedical to create the first end-to-end retinal gene therapy company with clinical, delivery and manufacturing capabilities globally
- Founded three new Syncona portfolio companies backing global academic leaders in areas of high-innovation science

Validation of our model

The developments in Nightstar this year demonstrate the benefits of our model. After founding the business in 2014, backing an academic programme at Oxford University, Syncona spent five years working in partnership with academic founder Robert MacLaren, building the business and putting in place the strategy and team to create a leading retinal gene therapy company. Over this time, Nightstar delivered positive proof of concept studies across two indications, built a strong clinical pipeline and commenced a pivotal trial in Choroideremia. Syncona provided £56.4 million of investment from Series A to post-IPO and remained a significant 38 per cent shareholder in the business when Nightstar agreed to be acquired by Biogen for $877.0 million. The offer for Nightstar represents a 4.5x multiple on original invested capital.

Our flexible, long-term ownership model ensures we have control and flexibility over the management of our portfolio and we seek never to be a forced seller. In this context, we were free to weigh up the optimal outcome for Syncona. We are focused on risk-adjusted returns for our shareholders and at the point of any portfolio or investment decision we take into account the opportunity available to the business, the market context, the level of scientific or clinical risk, the level of funding required to take full advantage of the opportunity and the potential return that could be delivered today and in the future. It is our strategic capital pool that allows us to take the best decisions for our companies and our shareholders.

'Third Wave' gains momentum, Syncona is a strategic owner in this space

The Third Wave of advanced therapies, in particular cell and gene therapies, have continued to gain significant momentum this year. We remain very encouraged by the strong regulatory support and positive overall market setting for these undoubtedly transformational medicines. It is our view that we are still in the early days of the Third Wave, which has the potential to drive decades of innovation in healthcare as personalised, tailored medicines come to the fore powered by advances in genomic understanding.

Syncona is a global leader in this area, and our portfolio companies are very well placed to compete in a fast-growing space. We have an early mover advantage and have made significant strategic investments in areas like manufacturing and delivery, which puts us in a strong position to enable the commercial success of these emerging therapies.

We continue to have one of the world's leading gene therapy platforms across multiple companies addressing the key tissue compartments where gene therapy has delivered proof of concept, namely the eye, the central nervous system and the liver. This includes Gyroscope, our second retinal gene therapy company which is seeking to be at the forefront of moving gene therapy from the smaller monogenic diseases, like Choroideremia into more genetically complex and more prevalent diseases.

In the year, we also further expanded our cell therapy franchise through the creation of our new company, Quell Therapeutics, focused on engineered T-Regulatory cells.

The important of a multi-disciplinary team: attracting world-class leaders

Our team remains a key differentiator, with a central part of our strategy being to take a hands-on approach and work in partnership with our companies to deliver the best results. This year the Syncona team have continued to work with company teams across our portfolio to navigate and interrogate scientific, clinical and commercial challenges in our existing companies, and work with globally leading academics to found new businesses in exciting areas of science.

As part of this, we continue our focus on bringing high-quality, experienced people to develop the innovative technology within our companies. Over the year we have continued to appoint world-class leaders with the expertise to steward our companies through the appropriate stage of their development cycle and who are attracted by Syncona's long-term model and partnership approach.

Notably this year we appointed Khurem Farooq as Chief Executive of Gyroscope. Khurem most recently held the position of Senior Vice President of the Business Unit Immunology & Ophthalmology at Genentech. Ian Clark, who most recently served as Chief Executive of Genentech, has also been appointed as a Non-Executive Director.

Dr Edwin Moses was also appointed as Chairman of Achilles. He was most recently CEO of Ablynx NV which he built over 12 years from a small R&D focused organisation to a commercial business with a broad biologics pipeline, prior to its sale to Sanofi for $4.8 billion in 2018. Dr Iraj Ali, a former Syncona Partner, also became CEO of the business.

A series of other key commercial and operational hires were also made into the portfolio. In OMASS, Ros Deegan moved from Boston to join as Chief Executive, bringing more than 20 years' experience in senior biotech roles, working alongside Dr Ali Jazayeri who was appointed as Chief Scientific Officer and was formerly Chief Technology Officer of Heptares. In Freeline, Brian Silver was appointed CFO and Head of Corporate Development, joining from healthcare group Perella Weinberg Partners.

Strategic capital pool central to our model

A strong balance sheet and certainty of funding is key to delivering our strategy. Our capital pool is a strategic asset and enables us to make long term commitments, for example in areas such as manufacturing and delivery, and to attract world class management teams as our companies scale. It also provides us with the flexibility to support our companies for longer as we drive long term decision making and navigate clinical risks. We believe our capital pool needs to be sufficient to fund both new opportunities and to scale our existing portfolio companies for a minimum of two to three years, with our expected capital deployment to be £100-200 million per year and, subject to the continued progression of the portfolio, may exceed this amount in later years.

As our companies' scale, we maintain a disciplined approach to the allocation of capital to each portfolio company to maximise risk adjusted returns for shareholders. As part of this process, for any given company, we assess the risk and opportunities that company faces to determine the optimum financing approach. We typically remain the sole investor throughout initial rounds of investments, however there will also be circumstances where the right thing for the company, and Syncona's shareholders, will be to bring in likeminded investors to support the company as it grows, while maintaining a significant ownership stake.

Increasing momentum and scale in the portfolio

We continue to see exciting new opportunities for investment both within the Third Wave and beyond, where new technological advances are being applied to First and Second Wave modalities such as small molecule drugs and biologics. We are focused on founding companies in areas where the Syncona model can be applied to our advantage as we seek to build a portfolio of 15-20 globally competitive companies, adding new companies at a rate of approximately 2-3 companies a year.

Our portfolio companies are scaling rapidly, and we believe they are well-placed to continue to execute on strategy in line with their development plans. Many of our companies are now conducting clinical trials, where the data generated will be the core driver of fundamental value. This process is never without risk, but we believe our companies are positioned to navigate these processes as they seek to deliver transformational treatments to patients.

Long term, we continue to focus on building a selective portfolio companies and delivering 15 per cent IRR through the cycle. We believe that our differentiated business model and leading multi-disciplinary team, supported by our strategic pool of capital, will enable us to capture superior risk-adjusted returns for shareholders as we seek to build the next generation of healthcare companies.

Martin Murphy, CEO Syncona Investment Management Limited
13 June 2019

Life Science review

Syncona's life science portfolio has performed strongly during the year and our companies continue to make good progress against their clinical and business plans, demonstrating strong momentum across our portfolio. As at 31 March 2019, our portfolio was valued at £1,055.4 million and had 10 companies: one Established company delivering marketed products to patients, four Maturing clinical stage companies and five Developing companies focused on establishing operations and setting and implementing the strategic vision.

Our progress during the year reinforces the benefits of our highly-focused, hands-on and long-term approach. Our model means that as we build our companies, the Syncona team is actively involved operationally, bringing our differentiated, multi-disciplinary skill set to bear across all aspects of the businesses, from scientific development to clinical progression and financial discipline and ultimately capturing the opportunity available.

Established companies:

Blue Earth Diagnostics (18.4% NAV, 89% shareholding)

- Strong financial performance with positive sales (£83.9 million) and EBITDA (£28.7 million) in FY2019[4] and reaching a milestone dosing its 50,000th patient post year end.
- Momentum in Axumin sales, with US units continuing to increase over the 2019 financial year (Q1: 6,000, Q2: 6,500, Q3: 7,600, Q4 8,800).
- Positive phase 3 clinical data in glioma; encouraging data from early clinical experience in Blue Earth's second asset for the diagnosis of prostate cancer, rhPSMA-7, in an academic setting
- Expect continued positive earnings momentum, an FDA decision on filing for use of Axumin in glioma in coming months and to initiate and complete a phase 1 clinical trial for rhPSMA-7 this financial year.

Blue Earth is a leading molecular imaging diagnostics company focused on the development and commercialisation of novel PET imaging agents. It has had another positive year delivering strong financial performance with sales of £83.9 million and EBITDA of £28.7 million for the year to 31 March 2019.[5] 50,000

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[4] Unaudited figures for the 12 months ended 31 March 2019.

[5] Unaudited figures for the 12 months ended 31 March 2019.

patients have now received an Axumin scan since the product was launched commercially, enabling physicians to diagnose patients with recurrent prostate cancer more effectively.

The business has continued to perform strongly in the US, with US unit doses of 28,900 over the year, up from 13,000 doses over the previous year. The US is Blue Earth's key market where the opportunity is to treat approximately 70,000 patients annually. Whilst Europe is a more fragmented market and challenging reimbursement environment than the US, the company has expanded access to Axumin in Europe over the year and it is now commercially available in nine countries with more to follow. The company has continued to progress development of its radio hybrid PSMA-targeted agent, rhPSMA-7 reporting encouraging results from its early clinical experience of the agent in an academic setting. Blue Earth is expected to initiate and complete a Phase 1 trial this financial year.

The company is also working towards a label extension for Axumin in glioma, a form of brain cancer. During the year, the U.S. Food and Drug Administration (FDA) has accepted a supplemental New Drug Application (sNDA) for the expanded use of Axumin in adults for glioma and we anticipate a decision in the coming months.

Maturing companies

Nightstar Therapeutics (17.7% NAV, 38% shareholding):

- Agreement to be acquired by Biogen for $877.0 million.
- Represents a 4.5x return and 72 per cent IRR for Syncona; £255.8 million[6] of proceeds received post year-end

Nightstar is our clinical-stage gene therapy company developing treatments for rare inherited retinal diseases, and in March of this year, we announced that the company had reached an agreement to be acquired by Biogen.

Syncona founded Nightstar in 2013 with Professor Robert MacLaren of Oxford University and took a hands-on, operational approach, setting the business up for success over the long-term. It is a strong example of our differentiated approach of founding, building and funding innovative companies and we look forward to seeing Nightstar work to deliver transformational treatments to patients during the next phase of its development with Biogen.

Autolus (22.6% of NAV, 31% shareholding):

- Significant year of clinical progress with data read-outs across four programmes
- Data from six clinical trials expected to be delivered during the course of this financial year and could move to up to three Phase 2 registration trials this financial year

Autolus, founded by Syncona in 2014, is our biopharmaceutical company developing next-generation programmed T cell therapies for the treatment of cancer. The company had a strong year, continuing to progress its pipeline of therapies through the clinic and making positive progress in developing its manufacturing capabilities.

During the year Autolus reported encouraging data in its AUTO3 programmes in paediatric Acute Lymphoblastic Leukaemia (pALL) and Diffuse Large B-cell lymphoma (DLBCL), with the preliminary data from both trials showing encouraging safety data and early clinical efficacy. It also announced that it had dosed its first patient in the Phase 1/2 trial of AUTO4 in T cell lymphoma. In the second half, the company reported further positive data in AUTO1 pALL and initial positive data in AUTO1 Adult ALL. Data from a number of clinical trials will be delivered during the course of the year and could result in the company moving in to up to three Phase 2 trials this financial year.

The company has also continued to expand its manufacturing capabilities, initiating manufacturing for clinical studies at the Stevenage Catapult in mid-March 2019. It has announced plans for further facilities in Enfield in the UK and Maryland in the US, the latter of which will be a fully scaled commercial site. The company is making good clinical progress on multiple fronts and has established an economical and scalable product delivery platform, which will enable it to ultimately commercialise its products for patients.

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[6] Refer to footnote 2.

Following completion of its successful IPO in July, the company conducted a follow-on financing post period end, raising $109.0 million. Syncona invested in both the IPO and follow on offering and retains a 30.0 per cent stake in the business.

Freeline (6.4% of NAV, 80% shareholding):

- Reported encouraging initial data in December 2018 from two patients in first low dose cohort for lead programme in Haemophilia B; the company has since entered the dose optimisation phase
- Expect to report further data from Haemophilia B programme and initiate second programme in Fabry disease over this financial year

Freeline, our gene therapy company focused on liver expression for a range of chronic systemic disease is currently progressing its lead programme in Haemophilia B through clinical development. In December 2018, the company reported initial data from the first two patients in programme, dosed in the lowest dose cohort and reported mean FIX activity[7] levels of 45 per cent ±5, with the normal range being 50-150 per cent[8]. The company has since entered the dose optimisation phase. During this period, dose escalation is undertaken at a range of levels to establish the optimal dose before commencing a registrational study. It will report further data from this process this financial year.

The company has also continued to progress with its pipeline in systemic diseases. Its second programme, Fabry disease, is expected to enter the clinic in the coming months. Freeline has also disclosed that the next programme in its pipeline will be in Gaucher disease[9].

In 2016, Freeline made a significant early investment in manufacturing capability, recognising the importance of a commercial scale manufacturing platform in order to achieve its ambition to take products all the way to market. Over the last year, the business has made strong progress in developing this platform to be able to deliver high-quality, consistent product at commercial scale, notably securing suites at a leading contract manufacturer and at the Cell and Gene Therapy Catapult centre, which provides it with internal capability for its phase 1/2 trials and will allow it to meet the commercial demand for its Haemophilia B programme. Over the next financial year, the business is focused on manufacturing GMP-grade[10] product, suitable for a pivotal trial for its Haemophilia B programme, supporting its ambition to ultimately deliver transformational treatments for patients.

Following the year end, Anne Prener informed the board of Freeline that she will step down as Chief Executive Officer having completed her strategic objective of bringing Freeline into the clinic with two programs. Under Anne's leadership, the Company has made excellent progress, enrolling several cohorts of patients in a Phase 1/2 study for Haemophilia B and preparing to enroll patients in its Fabry program. The Company is now well positioned to attract a new CEO with commercial experience to lead Freeline through late-stage clinical development and product launch.

Gyroscope (2.0% of NAV, 81% shareholding):

- Significant strategic progress creating leading retinal gene therapy platform through merger with Orbit Biomedical
- Clinical-stage company, dosing of first patient in lead programme for dry AMD in January 2019
- Anticipates completing the first dose escalation for this programme in FY2020

Gyroscope is a retinal gene therapy company focused on developing genetically-defined therapies for the treatment of eye diseases linked to an unbalanced complement system. It is one of the first companies globally to move gene therapy out of rare diseases and in to more prevalent disease. It is now clinical-stage having commenced dosing in its lead programme in one of the most severe forms of dry AMD with the first patient successfully dosed in January 2019. The company anticipates completing the first dose escalation for this programme during this financial year.

The company has also made significant strategic progress in the year, merging with Syncona's surgical device company, Orbit Biomedical, and creating the first fully integrated retinal gene therapy company with high quality manufacturing and a surgical platform that can support accurate, safe and consistent sub-retinal delivery of

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[7] Level of Factor IX, an essential clotting protein
[8] The normal range of FIX activity in the general population's blood is between 50% and 150%
[9] An inherited metabolic disorder characterised by the progressive build-up of glucocerebroside in lysosomes throughout the body
[10] Good Manufacturing Practice

treatments to patients with blinding conditions. It is focused on delivering a therapeutic in a way that ensures higher consistency of dosing, whilst allowing patients to receive a less invasive treatment, which will be key to widespread use and clinical effectiveness. The merger ensures Gyroscope now has the key platform capabilities it requires to develop and deliver its therapeutics commercially.

Developing companies (2.6% NAV)

Achilles, our cell therapy company which is focused on immunotherapy to treat solid tumours (initially lung cancer and melanoma) has made good operational progress in the period, strengthening the leadership team. The company has also received approval from UK regulatory authority, the Medicines and Healthcare products Regulatory Agency (MHRA) to conduct two Phase I/II trials evaluating the safety and clinical activity of clonal neoantigen T cells ("cNeT") in patients with advanced non-small cell lung cancer (NSCLC) and melanoma respectively. It expects to enrol the first patient in its first programme in NSCLC in H1 FY2020.

SwanBio, a gene therapy company focused on neurological disorders, has made good progress over the course of the year, appointing key members of the management team and building out its operations. The company expects to nominate the candidate for its lead programme in this financial year and make progress in building out its manufacturing capabilities.

In June, Syncona led a £14.0 million Series A financing in OMASS Therapeutics, a biopharmaceutical company using structural mass spectrometry to discover novel medicines. We have worked closely with the OMASS team to develop a plan for the company which is seeking to use its suite of proprietary technologies, developed in the lab of globally leading academic Professor Dame Carol Robinson, in order to discover and develop innovative small molecule drug therapeutics.

Syncona also led a CHF 35.0 million Series A financing in a new immuno-oncology company, Anaveon. The financing supports the development of a selective Interleukin 2 ("IL-2") Receptor Agonist, a type of protein that could therapeutically enhance a patient's immune system to respond to tumours. The Syncona team is working in close partnership with the company to build the business, focusing on developing the clinical plan and strategy.

We also announced the foundation of a new company, Quell Therapeutics, bringing together six leading academics in the cell therapy space with a £35 million Series A financing. Quell has been established with the aim of developing engineered T regulatory (Treg)[11] cell therapies to treat a range of conditions such as solid organ transplant rejection, autoimmune and auto-inflammatory diseases. The Syncona team will work in close partnership with the founders from University College London, Kings College London and Hannover Medical as the business builds out its operations and management team. Post year end, Iain McGill was appointed Chief Executive of Quell. Iain is a leading pharmaceutical executive and has spent the majority of his 25 years in the industry in the area of solid organ and cell transplantation.

Life science investments (3.1% NAV):

Beyond Syncona's portfolio companies, where we typically have a significant ownership stake and are a partner with operational and strategic influence, we also have a small number of life science investments which represent good opportunities to generate returns for shareholders or provide promising options for the future in areas where Syncona has deep domain knowledge.

The largest holding is the CRT Pioneer Fund, a fund managed by Sixth Element Capital, which is focused on early stage investments in highly innovative oncology programmes which were primarily sourced from its proprietary pipeline agreement with Cancer Research UK. Its investment period closed in March 2018 and the manager is now focused on supporting the existing 11 investments in the portfolio. Syncona contributed a net £3.5 million during the year, with a further £14.9 million of uncalled commitments remaining that we expect to be called within the next 24 months.

Strong momentum across our portfolio and exciting opportunities to found new companies

We have a high level of conviction in the fundamentals of our companies having founded them around exceptional science and built them ambitiously, bringing in strong leadership teams. Over the next year, we will continue to

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[11] Tregs are a subset of T cells with the potential to downregulate the immune system

work in close partnership with them in advancing their business plans and strong pipelines and we believe they are well-positioned to continue to make good progress in the year ahead.

We continue to see a number of excellent opportunities in cell and gene therapy, areas where we have built deep domain expertise, are strategically positioned with an early mover advantage and have strong platform capabilities. We also see attractive pipeline opportunities more broadly across a range of therapeutic areas and modalities where we can deliver our strategy to build global leaders aiming to take their products to market.

We remain focused on continuing to support our companies over the long-term as they scale and progress through the clinic and ultimately seek to deliver treatments to patients.

Chris Hollowood, Chief Investment Officer, Syncona Investment Management Limited
13 June 2019

Finance review

Strong financial performance and significant commercial progress

We ended the year with net assets of £1,455.1 million, or 216.8p per share, a 37.9 per cent total return with performance driven by significant financial and commercial progress in our life science companies, which generated a return of 77.9 per cent over the 12 months.

Performance was primarily driven by the valuation increases in three of our Established and Maturing portfolio companies, Autolus, Blue Earth and Nightstar, which together added £439.9 million to the value of the portfolio. The most material of these uplifts, Autolus, was driven by its successful IPO on NASDAQ in June 2018 and the subsequent 85.1 per cent increase in its share price, and our holding was valued at £328.2 million at the year-end, an increase of £225.0 million over the 12 months. Our holding in Blue Earth has increased in value by £94.9 million to £267.5 million at 31 March 2019, following continued strong commercial performance of Axumin, the licencing of a new PSMA agent and distributions to Syncona totalling £14.2 million. Our holding in Nightstar was valued at £258.3 million[12] at the year-end, a gain of £120.0 million, reflecting its proposed acquisition by Biogen for a total of $877.0 million, which was announced in March 2019. The transaction completed in June 2019.

Beyond our Syncona portfolio companies, we have a small number of life science investments. During the year, we invested $15 million (£11.6 million) in NASDAQ-listed Adaptimmune, a leader in the engineered TCR cell therapy space, at $10.00 a share. At year end the share price was $4.30, a decrease of 57 per cent. We also sold our holding in NASDAQ-listed, Endocyte, during the year, resulting in a total realised gain of £10.2 million on an original investment of £4.0 million. CEGX is held at £3.9 million on an adjusted discounted Price of Recent Investment basis (2018: £9.8 million).

Three new investments and investment cashflow in line with guidance

Three new companies were founded in the year, which together with milestone payments to our existing life science companies and other investments, resulted in capital deployed of £138.6 million, in line with prior year guidance of £75 million to £150 million.

While the absolute level of deployment will be dependent on our investment pipeline, our current expectation is that the Company will invest between £100 million and £200 million over the next 12 months.

Uncalled commitments reflect new investments and financing rounds

Uncalled commitments stood at £121.5 million at the year end, of which £101.7 million relate to milestone payments associated with the life science portfolio and £14.9 million to the CRT Pioneer Fund over the next 24 months. The remaining £4.9 million of the uncalled commitments relate to investments held in the capital pool.

These payments are generally delivered over a number of tranches linked to the relevant portfolio company achieving key strategic and development goals set at the time of financing. This is a risk management tool and enables Syncona to ensure companies are tracking to their strategic plans.

[12] Refer to footnote 2

Strategic capital base and significant liquidity in the capital pool

Syncona has a strategic capital base with net cash resources of £197.9 million (2018: £76.2 million) and £201.8 million of further liquidity in investments (2018: £465.1 million in fund investments). In addition, we received proceeds of £255.8 million[13] from the sale of Nightstar following the completion of the transaction, taking proforma liquidity in the capital pool to £655.5 million. Against this we have milestone payments to existing portfolio companies of £101.7 million, visibility on a number of financings across our portfolio in the coming 12-24 months and a strong pipeline of new opportunities

Successful life science companies scale rapidly, therefore access to a deep capital pool allows the team to take a long-term view and retain strategic ownership stakes when founding and building our companies. Certainty of funding is key in delivering our strategy and we believe our capital pool needs to be sufficient to fund the investment pipeline and portfolio company financing rounds for a minimum of two to three years.

Liquidity profile	**£m**
Net Cash	197.9
< 1 month	21.5
1-3 months	23.1
3-12 months	82.5
> 12 months	74.7
TOTAL	399.7

Over the last two years, Syncona has evolved the investment parameters of its capital pool to focus on liquidity and capital preservation in order to support Syncona's strategy and key goal of founding, building and funding global leaders in healthcare. To support this strategy, we have further simplified the management of the capital pool, redeeming all legacy fund investments except for certain longer term funds. As part of this process, we have increased our weighting to cash, cash equivalents and fixed income products with higher liquidity and lower volatility. This year, our fund investments generated a return of 1.43 per cent in the year ended 31 March 2019.

Expenses

The Company's ongoing charges ratio was 0.92 per cent for the 12 months[14], which compares to 1.01 per cent in 2018, with the decrease reflecting the growth in NAV, the absence of one-off costs[15] and effective cost management as the Company has scaled. Syncona Investment Management Limited's ("SIML") management fee is capped at 1.1% of net assets and management fees paid to SIML in 2019 totalled £8.9 million (2018: £5.8 million), or 0.70 per cent of NAV (2018: 0.79 per cent)[16]. Allowing for the costs associated with the Company's Long-Term Incentive Plan, ongoing charges increased to 1.84 per cent (2018: 1.58 per cent).

Long-Term Incentive Plan

To provide long-term alignment of interest with shareholders, Syncona's Long-Term Incentive Plan ("LTIP") was adopted by shareholders in December 2016 and replaced the original performance scheme that was put in place at the time of the establishment of Syncona in 2012.

The strong performance of the life science portfolio has significantly exceeded the growth hurdle[17] for the LTIP. The LTIP scheme vests on a straight-line basis over a four-year period with awards settled in cash and Syncona shares. At the year end the total liability for the cash settled element was revalued at £17.2 million (2018: £5.4 million), of which £6.4 million would be payable if all eligible MES were realised in the current financial year, and the number of shares in the Company that could potentially be issued increased by 10,046,397 shares, taking the fully-diluted number of shares to 671,268,706. Further details on the LTIP can be found in the Remuneration Report in the Annual Report to be published in due course and in notes 2 and 13.

13 Refer to footnote 2

14 The ongoing charges ratio includes expenses from all Syncona Group Companies in addition to the expenses in the Group's consolidated statement of comprehensive income, divided by average NAV for the year. It excludes a charge of £11.8 million (2018: £5.5 million) associated with the Syncona Long-Term Incentive Plan.

15 Associated with the payment to BACIT (UK) for the cessation of the Investment Management Agreement

16 See footnote 14

17 Excluding CRT Pioneer Fund. Participants in Syncona's LTIP scheme are issued Management Equity Shares ("MES") in Syncona Holdings Limited, relevant details of which are set out in note 2 and 13. The fair value of the MES is established via external valuation.

Dividend

The Board has declared a final dividend of 2.3p per share (2018: 2.3p per share) for the year. Syncona's investment objective is to achieve superior long-term capital appreciation by founding, building and funding global leaders in healthcare. The portfolio is now predominantly invested in fast growing, capital intensive, life science companies and during the year the Board reviewed the dividend policy and has decided that it will no longer be appropriate to pay a dividend moving forward.

Charitable donations

Syncona is donating £1.9 million to the Institute of Cancer Research and £2.4 million to The Syncona Foundation (for onward distribution to nominated charities) for the 2019 year. Syncona commits a minimum of 0.3% of its net asset value to charitable causes in the field of healthcare, in particular cancer, and beyond. Further details on our charitable donations can be found in the Corporate Social Responsibility statement in the Annual Report.

Foreign exchange

At the year-end, we continued to hold the Company's foreign exchange exposure in the life science portfolio unhedged with the exception of the investment in Nightstar ahead of the anticipated completion of its acquisition by Biogen in June 2019. Within the capital pool we continue to hedge all of the euro-denominated share classes, and 92.5 per cent of the exposure to US Dollar-denominated share classes and cash balances. At the year end, the unrealised loss on the associated forward contracts was £0.6 million.

Valuation policy

The valuation of investments is conducted in accordance with International Private Equity and Venture Capital Valuation Guidelines. At 31 March 2019, the life science investments were valued at cost, Price of Recent Investment, rDCF, adjusted third-party or quoted basis. In the case where Syncona is the sole institutional investor and substantive clinical data which is material to Syncona has been generated in life science portfolio companies, we will use input from an independent valuations advisor in our determination of the fair value of investments. Capital pool investments are valued by reference to third-party pricing.

John Bradshaw, Chief Financial Officer, Syncona Investment Management Limited
13 June 2018

Valuation policy for life science investments and clinical trial disclosure process

Valuation policy for life science investments

The Group's investments in life science companies are, in the case of quoted companies, valued based on bid prices in an active market as at the reporting date.

In the case of the Group's investments in unlisted companies, the fair value is determined in accordance with the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines. These include the use of recent arm's length transactions, Discounted Cash Flow ("DCF") analysis and earnings multiples. Wherever possible, the Group uses valuation techniques which make maximum use of market based inputs.

The following considerations are used when calculating the fair value of unlisted life science companies:

- The cost generally represents fair value as of the transaction date. Similarly, where there has been a recent investment in the unlisted company by third parties, the Price of Recent Investment ("PRI") generally represents fair value as of the transaction date, although further judgement may be required to the extent that the instrument in which the recent investment was made is different from the instrument held by the Group.
- The length of period for which it remains appropriate to use cost or the PRI depends on the specific circumstances of the investment and the stability of the external environment and adequate consideration needs to be given to the current facts and circumstances. Where there is objective evidence that an investment has been impaired or increased in value since the investment was made, such as observable data suggesting a change of the financial, technical or commercial performance of the underlying investment, the Group carries out an enhanced assessment based on one of the alternative methodologies set out in the IPEVC Valuation Guidelines.
- DCF involves estimating the fair value of an investment by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Given the difficulty involved with producing reliable cash flow forecasts for seed, start-up and early-stage companies, the DCF

methodology will more commonly be used in the event that a life science company is in the final stages of clinical testing prior to regulatory approval or has filed for regulatory approval.

- Independent Adviser – the Group's determination of the fair values of certain investments took into consideration multiple sources including management and publicly available information and publications and certain input from independent advisers L.E.K. Consulting LLP ("L.E.K."), who have undertaken an independent review of certain investments and have assisted the Group with its valuation of such investments. The review was limited to certain limited procedures that the Group identified and requested it to perform within an agreed limited scope.
- As with any review of investments these can only be considered in the context of the limited procedures and agreed scope defining such review and are subject to assumptions which may be forward looking in nature and subjective judgements. Upon completion of such limited agreed procedures, L.E.K. estimated an independent range of fair values of those investments subjected to the limited procedures. In making such a determination the Group considered the review as one of multiple inputs in the determination of fair value. The limited procedures within the agreed scope are limited by the information reviewed and did not involve an audit, review, compilation or any other form of verification, examination or attestation under generally accepted auditing standards and was based on the review of multiple defined sources. The Group is responsible for determining the fair value of the investments, and the agreed limited procedures in the review performed to assist the Group in its determination are supplementary to the inquiries and procedures that the Group is required to undertake to determine the fair value of the said investments for which the Directors are ultimately responsible.

Where the Group is the sole institutional investor and until such time as substantial clinical data has been generated investment will be valued by reference to Cost or PRI subject to adequate consideration being given to current facts and circumstances. Once substantial clinical data has been generated the Group will use input from an independent valuations advisor to assist in the determination of fair value.

Valuation of the life science portfolio	% of life science portfolio	% of net assets
Cost	15.2	11.1
Discounted Cash Flow	25.3	18.4
Quoted	55.9	40.6
Adjusted Price of Recent Investment	0.4	0.3
Third Party	3.2	2.4

Clinical trial disclosure process

Currently, Syncona's portfolio companies are progressing with eight clinical trials. These trials represent both a significant opportunity and risk for each company and for Syncona Ltd.

Unlike typical randomised controlled pharmaceutical clinical trials, currently all eight clinical trials are open-label trials. Open label trials are clinical studies in which both the researchers and the patients are aware of the drug being given. In some cases the number of patients in a trial may be relatively small. Data is generated as each patient is dosed with the drug in a trial and is collected over time as results of the treatment are analysed and, in the early stages of these studies, dose-ranging studies are completed.

Because of the trial design, clinical data in open-label trials is received by our portfolio companies on a frequent basis. However, individual data points need to be treated with caution, and it is typically only when all or substantially all of the data from a trial is available and can be analysed that meaningful conclusions can be drawn from that data about the prospect of success or otherwise of the trial. In particular it is highly possible that early developments (positive or negative) in a trial can be overtaken by later analysis with further data as the trial progresses.

Our portfolio companies may decide or be required to announce publicly interim clinical trial data, for example where the company or researchers connected with it are presenting at a scientific conference, and Syncona will generally also issue a simultaneous announcement about that clinical trial data. Syncona would also expect to announce its assessment of the results of a trial at the point we conclude on the data available to us that it has succeeded or failed. We would not generally expect to announce our assessment of interim clinical data in an ongoing trial otherwise, although we will review all such data to enable us to comply with our legal obligations such as under the EU Market Abuse Regulation or otherwise.

Principal risks and uncertainties

The principal risks that the Board has identified are set out in the following table, along with the consequences and mitigation of each risk. Further information on risk factors is set out in note 19 to the Consolidated Financial Statements.

Description	Impact	Mitigation	Changes in the year
Failure to attract or retain key personnel (unchanged)			
The expertise, due diligence, risk management skills and integrity of the staff at the Investment Manager are key to the success of the Company. The industries in which the Investment Manager operates are highly specialised and require highly qualified and experienced management and personnel. Given the relatively small size of the team, the execution of the Company's investment strategy is dependent on a small number of key individuals. There is a risk that employees could be approached by other organisations or could otherwise choose to leave the Investment Manager.	If the Investment Manager does not succeed in retaining skilled personnel or is unable to continue to attract all personnel necessary for the development and operation of their business, it may not be able to execute the Company's investment strategy successfully.	The Investment Manager carries out regular market comparisons for staff and executive remuneration. Senior executives are shareholders in the Company and staff of the Investment Manager participate in the Syncona Long Term Incentive Plan. In addition, the Investment Manager encourages staff development and inclusion through coaching and mentoring and carries out regular objective setting and appraisals. A central part of the Company's strategy is to bring in high-quality and experienced people to manage our portfolio companies. These teams are supported by strong Non-Executive Directors, typically global leaders in their fields, to work alongside the Investment Manager to drive success in the portfolio companies.	The Board recognises that the execution of the Company's investment strategy is dependent on the specialist expertise of a small number of key individuals within the Investment Manager. Organisational capability and succession planning within the Investment Manager is discussed by the Board. The Directors are focused on ensuring that the Investment Manager retains its existing key staff and is able to attract additional staff where needed to deliver the Company's investment strategy.
Risk in making early stage investments (unchanged)			
The Company invests in and builds life science businesses. In many cases these are at a very early stage, in many cases before there is any or any substantial clinical evidence of effectiveness or a commercially viable way to deliver the technology. Evaluating such opportunities is inherently uncertain and may require significant capital to be invested before these uncertainties can be resolved.	The Company may not realise an attractive return or, in some cases, may not realise its original cost or any value from its investment. In addition the Company may need to invest significant additional time, capital and management resources in order to realise any return. Failures of investments may affect the Company's wider reputation for building successful life science businesses and impact our share price, make it more difficult to recruit high quality personnel to the Investment Manager or our businesses, or have other negative impacts.	The Investment Manager employs highly experienced personnel, with deep scientific expertise and considerable experience of building and developing early-stage life science businesses, who are therefore well-positioned to evaluate the risks and opportunities. Before making any investment, the Investment Manager performs extensive due diligence covering all the major scientific and business risks, and develops an operational plan to mitigate these. This will typically involve the Investment Manager's personnel working closely with the portfolio company, taking non-executive and at times executive roles on portfolio company boards. The Investment Manager has a robust and disciplined financing and capital allocation framework, and investments may involve seed funding or tranching to identify and mitigate early risks before proceeding with more substantial investments.	It is increasingly clear that the best businesses require significant capital to be committed from the outset, to enable a robust business plan to be executed by a high quality team. The overall result for any one business is to improve its chances of success, but it also materially increases the capital at risk if there is a failure. We believe our existing processes are appropriate to address and mitigate the evolving risk profile but keep this under review.
Clinical trial risks (increased)			

Description	Impact	Mitigation	Changes in the year
The Company's life science investments are typically development stage businesses engaged or seeking to engage in clinical trials of new products. There are risks arising from any clinical trial: • Risk of negative results from clinical trials • Risk of adverse events from clinical trials	A failure to demonstrate that a clinical product is effective, or the discovery of material toxicity issues, is likely to result in a decline in the value of the portfolio company, or even lead to the portfolio company failing. Even where a clinical trial demonstrates some efficacy, data may be insufficiently clear to satisfy regulatory requirements or to establish commercial differentiation, and in that case further studies may be required incurring delay and expense. This in turn may impact the value of such portfolio company. A significant adverse event during a clinical trial may result in material harm to one or more individuals. It may also result in a halt or delay to the clinical trial, or require additional studies to ascertain the cause of the event. It may also result in significant reputational issues for Syncona.	This is the key risk that underpins our business model and drives returns. To manage it we need to have a strong management team, with robust culture and process, and hire the best people within the portfolio companies. The Investment Manager employs highly experienced personnel with deep scientific expertise and considerable experience of building and developing early-stage life science businesses. The Investment Manager's personnel work closely with portfolio companies, taking both executive and non-executive roles on portfolio company boards, monitoring progress and ensuring familiarity with issues and risks. Members of the portfolio companies' management teams have significant experience in the management of clinical programmes and have dedicated internal resource to establish and monitor each of the clinical programmes in order to maximise successful outcomes. Business and clinical strategies will seek to mitigate development risk, for example by carefully considering trial design, or by seeking to have multiple trials in different indications. In addition, the Investment Manager's team can assist the management teams of the portfolio companies with arranging specialist advice.	We have separated our clinical trials as a separate risk, to recognise that a growing number of our life science companies are progressing clinical trials. There is risk inherent in this activity, as companies test pre-clinical hypotheses in a human setting. Results from clinical trials will either enable our companies to progress further with development if positive, or can result in failure both at a programme and company level if negative or if there are adverse events. During the year, two new clinical trials launched, taking the total number of clinical trials across our portfolio to eight.
General, commercial and technological risks (unchanged)			
The Company's life science investments are exposed to a wide range of general, commercial and technological risks. In particular: • Intellectual property may fail to be granted or may be infringed or copied • Failure of a technology platform in an early-stage company • Failure to obtain regulatory approval for new products developed • Failure to sell products profitably or in sufficient volumes • Changes in pharmaceutical pricing practices • Launch of competing products • Reputational damage • Targeted public campaigns • Latent product defects resulting in claims	All of these risks could potentially lead to a decline in the value of a portfolio company, or even lead to the portfolio company failing.	The Investment Manager employs highly experienced personnel with deep scientific expertise and considerable experience of building and developing early-stage life science businesses. The Investment Manager's personnel work closely with portfolio companies, taking both executive and non-executive roles on portfolio company boards, monitoring progress and ensuring familiarity with issues and risks.	We have separated out these risks from the clinical trial risks above. Given that only one of our life science companies has a product that has completed clinical trials, these risks are typically a less significant factor for us at the current time, but we expect these risks to become a greater focus as our life science companies progress through the clinic towards commercialisation.
Dominance of portfolio by a few larger investments and/or sector focus (increased)			
Within its life science portfolio, the Company is seeking to build a focused portfolio of 15-20 leading life science companies. Accordingly, a large proportion of the overall value of the life science portfolio may, at any time, be	If a portfolio company experiences financial or operational difficulties, fails to achieve anticipated results or, where relevant, suffers from poor stock market conditions and if, as a result, its value were to be adversely affected, this could have an adverse impact on	The Board considers the performance of its largest portfolio companies and the portfolio's concentration in specific sub-sectors on a quarterly basis. Business and clinical strategies seek to diversify the concentration risk in any one portfolio company, for example by seeking to have	The Company's strategy is to build successful life science companies, and during the year we have seen significant value creation in several of our life science companies. While this does create a greater concentration risk, we believe it to

Description	Impact	Mitigation	Changes in the year
accounted for by one, or a few, portfolio companies. The Company's life science portfolio may also be focused on a small number of sub-sectors within the life science sector. Accordingly, a material proportion of the overall value of the life science investment portfolio may, at any time, be invested in a specific sub-sector. This risk has increased as a result of positive developments within portfolio companies that have resulted in the Company recognising value increases and committing further investment.	the overall value of the life science investment portfolio. Similarly, if the technology or technologies utilised in a specific sub-sector prove to be commercially unproductive or unsuccessful, then the value of the Company's investments in the respective sub-sector(s) could be negatively impacted.	multiple products under development in different indications. At 31 March 2019, the Company's three largest investments in its life science portfolio are valued at £854.0 million representing 58.7 per cent of the net asset value of the Company. One of these companies, Nightstar, received an $877 million approach from Biogen, which completed in June 2019.	be in line with our strategy. During the year shareholders approved changes to our investment policy that gave us more flexibility to hold a significant part of our portfolio in a small number of life science companies, to support us in delivering our strategy.
Financing and exit risk (unchanged)			
Life science businesses are capital intensive. Instability in equity and debt markets and/or the market's appetite for investment in life science companies could result in an inability to finance new investments and/or unattractive pricing for life science companies, either in public markets or sales to financial or strategic acquirers.	Lack of funding may restrict the ability of a portfolio company in the Company's life science portfolio to fund ongoing research and development and commercialisation programmes and the ability of the Company to invest in new, attractive investment opportunities. This could result in the portfolio company being unable to continue its development, impacting the value of the investment. A lower value may be realised in the event of a sale of a portfolio company at a time when markets are unstable or have reduced appetite for life science companies.	The Company maintains a strong liquidity position to fund life science investments, and seeks to maintain a minimum of two to three years of anticipated investment (existing and proposed new portfolio companies) plus two to three years of costs. This enables it to avoid being a "forced seller" (whether through sale or dilution) in unattractive market conditions. Where appropriate the Company may seek to bring in high-quality external capital into portfolio companies, to support those businesses through later, more capital intensive development stages. Portfolio companies are established with robust business models that should be attractive to external and public market investors or strategic acquirors even in challenging market conditions.	During the year we have more clearly set out our desired capital pool to enable us to support our life science companies. At 31 March 2019, the Company had available liquidity in its capital pool of £399.7 million. The sale of Nightstar has provided us with an additional £255.8m and takes our capital pool to £655.5 million (pro forma including that amount). However, given our anticipated level of investment, we keep this under close review.
Capital Pool risk (decreased)			
The Company's capital pool is exposed to the risk of loss or illiquidity if the instruments in which it is held do not perform in line with their objectives.	Any loss or illiquidity of the capital pool may prevent the Company from financing its life science investments, as well as having a direct impact on net asset value of the Company.	The Investment Manager holds the capital pool in instruments that are chosen to protect against risk and provide appropriate liquidity, with return a secondary consideration. The risk parameters for the capital pool are carefully considered by the Investment Manager and the actual performance monitored on an ongoing basis. In the event of concerns, a greater portion of the capital pool may be held in cash or cash-equivalent instruments.	During the year we simplified the management of our capital pool away from fund investments to ensure it focuses on the key criteria of high liquidity and low volatility. As a result we believe the overall risk of our capital pool has reduced.

Description	Impact	Mitigation	Changes in the year
Systems and controls (unchanged)			
The potential loss of operation of core systems or sensitive data leading to damage and disruption to the Investment Manager or the Administrator's business.	Disruption of the business of the Investment Manager or the Administrator.	Systems and control procedures are developed and reviewed regularly and the Board receives reports annually from the Investment Manager and the Administrator on their internal controls.	During the year the Administrator changed from Northern Trust to Citco, and systems and controls have been updated to reflect that change.
Impact of political and economic uncertainty, and changes to law and regulation (unchanged)			
Political and economic uncertainty, including impacts from the EU referendum or similar scenarios, and	There could be potential risks to research funding and so the pipeline of attractive opportunities; to attracting	The Company and the Investment Manager monitor, and respond to, changes in law and regulation, including any changes in tax or other	During the year we considered the risks around a "Hard Brexit" and steps that could be taken to

Description	Impact	Mitigation	Changes in the year
changes to law and regulation, could impact the Investment Manager, the Company or its portfolio companies.	and retaining talent and so the ability to build successful businesses in line with plan; or to the ability to profitably commercialise new products. Changes in legislation and government policy may adversely impact the Investment Manager's ability to execute the investment strategy of the Company or result in significant additional costs being incurred. Changes to tax laws may impact the Company's returns or the returns that shareholders may receive from the Company.	legislation, with the support of professional advisers where appropriate.	mitigate those risks. We continue to keep these risks under review.

Responsibility statement

The Directors' responsibility statement below has been prepared in conjunction with, and is extracted from, the Company's Annual Report and Accounts for the year ended 31 March 2019 ("2019 Annual Report"), whereas this announcement contains extracts from the 2019 Annual Report. The responsibility statement is repeated here solely for the purpose of complying with DTR 6.3.5. These responsibilities are for the full 2019 Annual Report and not the extracted information presented in this announcement or otherwise.

The Directors of the Company are:

Jeremy Tigue, Chairman
Melanie Gee, Non-Executive Director
Tom Henderson, Non-Executive Director
Rob Hutchinson, Non-Executive Director
Nigel Keen, Non-Executive Director
Nicholas Moss, Non-Executive Director
Gian Piero Reverberi, Non-Executive Director
Ellen Strahlman, Non-Executive Director

The Directors confirm to the best of our knowledge:

1. The Financial Statements contained in the 2019 Annual Report have been prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and the undertakings included in the consolidation taken as a whole; and

2. The management report in the 2019 Annual Report including information and details in the Strategic Report, the Corporate Governance Statements, the Directors' Report and the notes to the Financial Statements, provides a fair review of the Company business and a description of the principal risks and uncertainties facing the Company and the undertakings included in the consolidation taken as a whole; and

3. The 2019 Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

GROUP PORTFOLIO STATEMENT
As at 31 March 2019

	Fair Value £'000	% of Group NAV 2019
Life science portfolio		
Life science companies		
Autolus Therapeutics plc	328,200	22.6
Blue Earth Diagnostics Limited	267,470	18.4
Nightstar Therapeutics plc	258,344	17.7
Freeline Therapeutics Limited	93,500	6.4
Gyroscope Therapeutics Limited	28,875	2.0
Achilles Therapeutics Limited	16,166	1.1
Companies of less than 1% of NAV	31,095	2.1
Total life science companies(1)	1,023,650	70.3
CRT Pioneer Fund(2)	34,311	2.4
Open forward currency contracts	(2,488)	(0.2)
Total life science portfolio(3)	1,055,473	72.5
Capital pool investments		
Sagil Latin American Opportunities	21,507	1.5
Funds of less than 1% of NAV	37,383	2.6
	58,890	4.1
Equity funds		
The SFP Value Realisation	33,906	2.3
	33,906	2.3
Fixed income and credit funds		
Polygon Convertible Opportunity	20,930	1.4
Wyetree RETRO	18,665	1.3
	39,595	2.7
Fixed term funds		
Permira V	21,054	1.4
Portland Hill	20,414	1.4
Chenavari European Deleveraging Opportunities	14,171	1.0
Funds of less than 1% of NAV	13,832	1.0
	69,471	4.8
Open forward currency contracts	1,908	0.1
Total capital pool investments(2)	203,770	14.0
Other net assets		
Cash and cash equivalents(4)	211,748	14.6
Charitable donations	(4,300)	(0.3)
Other assets and liabilities	(11,578)	(0.8)
Total other net assets	195,870	13.5
Total net asset value of the Group	1,455,113	100.0

[(1)] The fair value of Syncona Holdings Limited amounting to £1,048,249,690 is comprised of investments in life science companies of £1,021,161,530 (including the open forward currency contracts of £(2,488,458)), investments in Syncona Investment Management Limited of £4,050,743, other net assets of £25,867,467 in Syncona Portfolio Limited and other net liabilities of £2,830,050 in Syncona Holdings Limited.

[(2)] The fair value of the investment in Syncona Investments LP Incorporated amounting to £421,828,431 is comprised of the investment in the capital pool investments of £203,769,671 (including the open forward currency contracts of £1,908,145), the investment in the CRT Pioneer Fund of £34,311,339, cash of £198,704,854 and other net liabilities of £14,957,433.

[(3)] The life science portfolio of £1,055,472,869 consists of life science investments totalling £1,021,161,530 (including the open forward currency contracts of £(2,488,458)) held by Syncona Holdings Limited and the CRT Pioneer Fund of £34,311,339 held by Syncona Investments LP Incorporated.

[(4)] Total cash held by the Group is £211,747,675. Of this amount £90,748 is held by Syncona Limited. The remaining £211,656,927 is held by its subsidiaries other than portfolio companies ("Syncona Group Companies"). Cash held by Syncona Group Companies is not shown in Syncona Limited's Consolidated Statement of Financial Position.

See note 1 for a description of Syncona Holdings Limited and Syncona Investments LP Incorporated.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2019

	Notes	2019 Revenue £'000	2019 Capital £'000	2019 Total £'000	2018 Revenue £'000	2018 Capital £'000	2018 Total £'000
Investment income							
Other income	7	34,631	–	34,631	28,747	–	28,747
Total investment income		34,631	–	34,631	28,747	–	28,747
Net gains on financial assets at fair value through profit or loss	8	–	404,487	404,487	–	167,694	167,694
Total gains		–	404,487	404,487	–	167,694	167,694
Expenses							
Charitable donations	9	4,300	–	4,300	4,752	–	4,752
General expenses	10	23,556	–	23,556	18,858	–	18,858
Total expenses		27,856	–	27,856	23,610	–	23,610
Profit for the year		6,775	404,487	411,262	5,137	167,694	172,831
Earnings per Ordinary Share	15	1.03p	61.21p	62.24p	0.78p	25.43p	26.21p

The total columns of this statement represent the Group's Consolidated Statement of Comprehensive Income, prepared in accordance with International Financial Reporting Standards as adopted by the European Union and interpretations adopted by the International Accounting Standards Board. Whilst the Company is not a member of the Association of Investment Companies (the "AIC"), the supplementary revenue and capital columns are both prepared under guidance published by the AIC.

The profit for the year is equivalent to the "total comprehensive income" as defined by IAS 1 Presentation of Financial Statements ("IAS 1"). There is no other comprehensive income as defined by IFRS.

All the items in the above statement derive from continuing operations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2019

	Notes	2019 £'000	2018 £'000
ASSETS			
Non-current assets			

Financial assets at fair value through profit or loss	11	1,470,078	1,064,521
Current assets			
Bank and cash deposits		91	981
Trade and other receivables	12	8,833	5,445
Total assets		1,479,002	1,070,947
LIABILITIES AND EQUITY			
Non-current liabilities			
Share based payment	13	10,834	4,450
Current liabilities			
Share based payment	13	6,351	943
Payables	14	6,704	9,791
Total liabilities		23,889	15,184
EQUITY			
Share capital	15	766,037	763,016
Distributable capital reserves		689,076	292,747
Total equity		1,455,113	1,055,763
Total liabilities and equity		1,479,002	1,070,947
Total net assets attributable to holders of Ordinary Shares		1,455,113	1,055,763
Number of Ordinary Shares in Issue	15	661,222,309	659,952,090
Net assets attributable to holders of Ordinary Shares (per share)	15	£2.20	£1.60
Diluted Shares (per share)	15	£2.17	£1.59

The audited Consolidated Financial Statements were approved on 13 June 2019 and signed on behalf of the Board of Directors by:

Jeremy Tigue — Chairman

Rob Hutchinson — Director

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF ORDINARY SHARES
As at 31 March 2019

	Notes	Share capital £'000	Capital reserves £'000	Revenue reserves £'000	Total £'000
As at 31 March 2017		**760,327**	**134,911**	**–**	**895,238**
Total comprehensive income for the year		–	167,694	5,137	172,831
Transactions with shareholders:					
Distributions	16	–	(9,858)	(5,285)	(15,143)
Scrip dividend shares issued during the year	15	2,689	–	–	2,689
Share based payments		–	–	148	148
As at 31 March 2018		**763,016**	**292,747**	**–**	**1,055,763**
Total comprehensive income for the year		–	404,487	6,775	411,262
Transactions with shareholders:					
Distributions	16	–	(8,158)	(7,020)	(15,178)

Scrip dividend shares issued during the year	15	3,021			3,021
Share based payments		–	–	245	245
As at 31 March 2019		766,037	689,076	–	1,455,113

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit for the year		411,262	172,831
Adjusted for:			
Gains on financial assets at fair value through profit or loss	8	(404,487)	(167,694)
Operating cash flows before movements in working capital		6,775	5,137
Increase in other receivables		(3,388)	(673)
(Decrease)/increase in other payables		(3,087)	3,729
Net cash generated from operating activities		300	8,193
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(119,419)	(114,133)
Return of capital contribution		130,386	119,270
Net cash generated from investing activities		10,967	5,137
Cash flows from financing activities			
Distributions	16	(12,157)	(12,454)
Net cash used in financing activities		(12,157)	(12,454)
Net increase in cash and cash equivalents		(890)	876
Cash and cash equivalents at beginning of the year		981	105
Cash and cash equivalents at end of the year		91	981
Supplemental disclosure of non-cash investing and financing activities			
Issue of shares	15	3,021	2,689
Scrip dividend shares issued during the year	15	(3,021)	(2,689)
Net non-cash investing and financing activities		–	–

Cash held by the Company and Syncona Group companies is disclosed in the Group portfolio statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 March 2019

1. GENERAL INFORMATION

Syncona Limited (the "Company") is incorporated in Guernsey as a registered closed-ended investment company. The Company's Ordinary Shares were listed on the premium segment of the London Stock Exchange on 26 October 2012 when it commenced its business.

The Company makes its life science investments through Syncona Holdings Limited (the "Holding Company") in which the Company is the sole shareholder. The Company maintains its capital pool through Syncona Investments LP Incorporated (the "Partnership"), in which the Company is the sole limited partner. The general partner of the Partnership is Syncona GP Limited (the "General Partner"), a wholly-owned subsidiary of the Company. Syncona Limited and Syncona GP Limited are collectively referred to as the "Group".

On 12 December 2017 Syncona Investment Management Limited ("SIML"), a subsidiary, was appointed as the Company's Alternative Investment Fund Manager ("Investment Manager") replacing BACIT (UK) Limited ("BACIT") which became a sub-delegate to the Investment Manager on the same date. On 31 March 2018 the sub-delegate relationship between the Company, SIML and BACIT was terminated.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Group's financial statements:

Preliminary announcement

The financial information contained in this preliminary announcement does not constitute full accounts as defined in the Companies (Guernsey) Law, 2008 and has been extracted from the statutory accounts for the year ended 31 March 2019. The auditors have issued an unqualified report on these statutory accounts. The Company expects to publish full financial statements that comply with IFRS in June 2019, a copy is available upon written request from the Company's registered office.

This announcement has been prepared using recognition and measurement principles of IFRS as endorsed for use in the European Union (IFRS). This announcement does not contain sufficient information to comply with IFRS.

The same accounting and presentation policies were used in the preparation of the statutory accounts for the year ended 31 March 2018.

Basis of preparation

The Consolidated Financial Statements have been prepared under the historical cost basis, except for investments and derivatives held at fair value through profit or loss, which have been measured at fair value.

Going concern

The financial statements are prepared on a going concern basis. The Company's net assets currently consist of securities and cash amounting to £1,455.1 million (31 March 2018: £1,055.8 million) of which 34.64% (31 March 2018: 31.4%) are readily realisable within three months in normal market conditions, and liabilities including uncalled commitments to underlying investments and funds amounting to £121.6 million (31 March 2018: £72.0 million). Accordingly, the Company has adequate financial resources to continue in operational existence for 12 months following the approval of the Consolidated Financial Statements. Hence, the Directors believe that it is appropriate to continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

Basis of consolidation

The General Partner is consolidated in full; the Company and the General Partner consolidated form the Group.

The results of the General Partner during the year are included in the Consolidated Statement of Comprehensive Income from the effective date of incorporation. The financial statements of the General Partner are prepared in accordance with United Kingdom Accounting Standards. Where necessary, adjustments are made to the financial statements of the General Partner to bring the accounting policies used into line with those used by the Group. During the year, no such adjustments have been made. All intra-group transactions, balances and expenses are eliminated on consolidation.

Entities that meet the definition of an investment entity under IFRS 10 "Consolidated Financial Statements" are held at fair value through profit or loss in accordance with IFRS 9. The Partnership and the Holding Company both meet the definition of Investment Entities as described in note 3.

New standards adopted by the Group

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the Group's financial statements:

The Group has adopted IFRS 9 "Financial Instruments" ("IFRS 9"), which replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement, which became effective from 1 January 2018 and adopted by the Group on 1 April 2018. As outlined below the impact of adopting IFRS 9 on the Consolidated Financial Statements was not material for the Group and there was no adjustment to retained earnings on application at 1 April 2018. In line with the transition guidance in IFRS 9, the Group has not restated the prior year results on adoption.

IFRS 9 also introduces a new expected credit loss ("ECL") impairment model for financial instruments held at amortised cost which involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest rate method. On initial recognition, entities will record a day-1 loss equal to the 12 month ECL, unless the assets are considered credit impaired. There was no material impact on adoption from the application of the new impairment model for the Group.

The adoption of IFRS 9 has no material impact on the Group's classification of financial assets and financial liabilities as financial assets and liabilities are still measured on a fair value basis.

The Group has adopted IFRS 15 "Revenue from Contracts with Customers" which became effective from 1 January 2018 and adopted by the Group on 1 April 2018, replacing IAS 18 "Revenue". The standard provides a single, principles based five-step model to be applied to all contracts with customers. Material revenue streams have been reviewed and there are no changes to the recognition of income by the Group as a result of the new standard.

Standards, amendments and interpretations not yet effective
At the date of approval of these Consolidated Financial Statements, the following standards and interpretations, which have not been applied in these Consolidated Financial Statements, were in issue but not yet effective:

IFRS 16 – Leases (effective accounting periods starting on or after 1 January 2019).

Amendments to IFRS 9 – Prepayments features with negative compensation (effective accounting periods on or after 1 January 2019).

Amendments to IAS 28 – Long term interests in associates and joint ventures (effective accounting periods on or after 1 January 2019).

IFRS 16 "Leases" introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees except for short-term leases and leases of low value assets. The Group has no material leases and therefore it is not anticipated that there will be a material impact on the Group's financial statements.

Standards, amendments and interpretations not yet effective (continued)
Amendments to IFRS 9 – Prepayments features with negative compensation. The narrow-scope amendments made to IFRS 9 in December 2017 enable entities to measure certain prepayable financial assets with negative compensation at amortised cost. These assets, which include some loan and debt securities, would otherwise have to be measured at fair value through profit or loss. To qualify for amortised cost measurement, the negative compensation must be 'reasonable compensation for early termination of the contract' and the asset must be held within a 'held to collect' business model. The amendments are not expected to have a material impact on the Group's financial statements.

Amendments to IAS 28- Long term interests in associates and joint ventures. The amendments clarify the accounting for long-term interests in an associate or joint venture, which in substance form part of the net investment in the associate or joint venture, but to which equity accounting is not applied. Entities must account for such interests under IFRS 9 before applying the loss allocation and impairment requirements in IAS 28 Investments in Associates and Joint Ventures. The amendments are not expected to have a material impact on the Group's financial statements.

Financial instruments
Financial assets and derivatives are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

The Group has adopted IFRS 9, which replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement.

Policy effective from 1 April 2018
Under IFRS 9, on initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

- ***Financial assets at fair value through profit or loss***
  The Group classifies its financial assets as investments at fair value through profit or loss based on the Group's business model and the contractual cash flow characteristics of the financial assets. On 1 April the Investment Manager assessed which business models apply to the financial assets and determined that the financial assets held by the Group would continue to be classified at fair value through profit or loss.

- ***Financial assets measured at amortised cost***
  Financial assets are measured at amortised cost if held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Group includes in this category short-term non-financing receivables including trade and other receivables.

  As at 31 March 2019 there are no financial assets measured at fair value through other comprehensive income.

- ***Financial liabilities measured at amortised cost***
  This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Group includes in this category short-term payables.

Policy effective before 1 April 2018
The Group classified its financial assets and financial liabilities into the following categories in accordance with IAS 39, financial assets at fair value through profit and loss, loan and receivables. The classification depended on the nature and purpose of the financial assets and was determined at the time of initial recognition.

- ***Financial assets at fair value through profit or loss ("investments")***
  Investments purchased were initially recorded at fair value, being the consideration given and excluding transaction or other dealing costs associated with the investment. Gains and losses on investments sold are recognised in the Statement of Comprehensive Income in the period in which they arise. The appropriate classification of the investments was determined at the time of the purchase and was re-evaluated on a regular basis. The adoption of IFRS 9 had no impact on this classification.

- ***Loans and receivables***
  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The carrying amounts, being cost, shown in the Consolidated Statement of Financial Position approximate the fair values due to the short term nature of these loans and receivables.

Forward currency contracts
Forward foreign currency contracts are derivative contracts and as such are recognised at fair value on the date on which they are entered into and subsequently remeasured at their fair value. Fair value is determined by rates in active currency markets. Whilst the Group holds no forward currency contracts, forward currency contracts are held by the Partnership and Syncona Portfolio Limited for hedging purposes only.

Other financial liabilities
Other financial liabilities include all other financial liabilities other than financial liabilities at fair value through profit or loss. The Group's other financial liabilities include payables. The carrying amounts shown in the Consolidated Statement of Financial Position approximate the fair values due to the short-term nature of these other financial liabilities.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount reported in the Consolidated Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise assets and settle the liabilities simultaneously.

Fair value – life science portfolio
The Group's investments in life science companies are, in the case of quoted companies, valued based on bid prices in an active market as at the reporting date.

In the case of the Group's investments in unlisted companies, the fair value is determined in accordance with the International Private Equity and Venture Capital ("IPEVC") Valuation Guidelines. These include the use of recent arm's length transactions, Discounted Cash Flow ("DCF") analysis and earnings multiples. Wherever possible, the Group uses valuation techniques which make maximum use of market-based inputs.

The following considerations are used when calculating the fair value of unlisted life science companies:

•	The cost generally represents fair value as of the transaction date. Similarly where there has been a recent investment in the unlisted company by third parties, the Price of Recent Investment ("PRI") generally represents fair value as of the transaction date, although further judgement may be required to the extent that the instrument in which the recent investment was made is different from the instrument held by the Group.
•	The length of period for which it remains appropriate to use cost or the PRI depends on the specific circumstances of the investment and the stability of the external environment and adequate consideration needs to be given to the current facts and circumstances. Where there is objective evidence that an investment has been impaired or increased in value since the investment was made, such as observable data suggesting a change of the financial, technical, or commercial performance of the underlying investment, the Group carries out an enhanced assessment based on one of the alternative methodologies set out in the IPEVC Valuation Guidelines.
•	DCF involves estimating the fair value of an investment by calculating the present value of expected future cash flows, based on the most recent forecasts in respect of the underlying business. Given the difficulty involved with producing reliable cash flow forecasts for seed, start-up and early-stage companies, the DCF methodology will more commonly be used in the event that a life science company is in the final stages of clinical testing prior to regulatory approval or has filed for regulatory approval.

•	Independent Adviser – The Group's determination of the fair values of certain investments took into consideration multiple sources including management and publicly available information and publications and certain input from independent advisors L.E.K. Consulting LLP ("L.E.K."), who has undertaken an independent review of certain investments and has assisted the Group with its valuation of such investments. The review was limited to certain limited procedures that the Group identified and requested it to perform within an agreed limited scope.

As with any review of investments these can only be considered in the context of the limited procedures and agreed scope defining such review and are subject to assumptions which may be forward looking in nature and subjective judgements. Upon completion of such limited agreed procedures, L.E.K. estimated an independent range of fair values of those investments subjected to the limited procedures. In making such a determination the Group considered the review as one of multiple inputs in the determination of fair value. The limited procedures within the agreed scope are limited by the information reviewed and did not involve an audit, review, compilation or any other form of verification, examination or attestation under generally accepted auditing standards and was based on the review of multiple defined sources. The Group is responsible for determining the fair value of the investments, and the agreed limited procedures in the review performed to assist the Group in its determination are supplementary to the inquiries and procedures that the Group is required to undertake to determine the fair value of the said investments for which the Directors are ultimately responsible.

Fair value – capital pool investments

The Group's capital pool investments in underlying funds are ordinarily valued using the values (whether final or estimated) as advised to the Investment Manager by the managers, general partners or administrators of the relevant underlying fund. The valuation date of such investments may not always be coterminous with the valuation dates of the Company and in such cases the valuation of the investments as at the last valuation date is used. The net asset value ("NAV") reported by the administrator may be unaudited and, in some cases, the notified asset values are based upon estimates. The Group or the Investment Manager may depart from this policy where it is considered such valuation is inappropriate and may, at its discretion, permit any other valuation method to be used if it considers that such valuation method better reflects value generally or in particular markets or market conditions and is in accordance with good accounting practice.

Derecognition of financial instruments

A financial asset is derecognised when: (a) the rights to receive cash flows from the financial asset have expired, (b) the Group retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through arrangement"; or (c) the Group has transferred substantially all the risks and rewards of the financial asset, or has neither transferred nor retained substantially all the risks and rewards of the financial asset, but has transferred control of the financial asset.

A financial liability is derecognised when the contractual obligation under the liability is discharged, cancelled or expired.

Impairment of financial assets

IFRS 9 requires the Group to record ECLs on all financial assets held at amortised cost, all loans and trade receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Group to credit risk, this amendment has not had a material impact on the financial statements. The Group only holds receivables with no financing component and which have maturities of less than 12 months at amortised cost and therefore has applied the simplified approach to recognise lifetime expected credit losses permitted by IFRS 9.

Commitments

Through its investment in the Holding Company and the Partnership, the Group has outstanding commitments to investments that are not recognised in the Consolidated Financial Statements. Refer to note 21 for further details.

Share based payments

Certain employees of SIML participate in equity incentive arrangements under which they receive awards of Management Equity Shares ("MES") in the Holding Company above a base line value set out at the date of award. The MES are not entitled to dividends but any dividends or capital value realised by the Group in relation to the Holding Company are taken into account in determining the value of the MES. If an individual remains in employment for the applicable vesting period, they then have the right to sell 25% of their vested MES to the Company each year. The price is determined using a formula stipulated in the Articles of Association ("Articles") of the Holding Company.

The Group's policy is to settle half of the proceeds (net of expected taxes) in Company shares which must be held for at least 12 months, with the balance paid in cash. Consequently, the arrangements are deemed to be partly an equity-settled share based payment scheme and partly a cash-settled share based payment scheme under IFRS 2 "Share based payments" in the Consolidated Financial Statements of the Group.

The fair value of the MES at the time of the initial subscription is determined by an independent third-party valuer in accordance with IFRS 2 and taking into account the particular rights attached to the MES as described in the Articles.

The external valuer is supplied with detailed financial information relating to the relevant businesses. Using this information, the fair value is measured using a probability-weighted expected returns methodology, which is an appropriate future-orientated approach when considering the fair value of shares that have no intrinsic value at the time of issue. The approach replicates that of a binomial option pricing model. In this case, the expected future payout to the MES was made by reference to the expected evolution of the Holding Company's value, as provided by SIML management, including expected dividends and other realisations which is then compared to the base line value. This is then discounted into present value terms adopting an appropriate discount rate. The "capital asset pricing methodology" was used when considering an appropriate discount rate to apply to the payout expected to accrue to the MES on realisation.

When MES are granted, a share based payment charge is recognised in the Consolidated Statement of Comprehensive Income of the employing company, SIML, equal to the fair value at that date, spread over the vesting period. In its own financial statements, the Company records a capital contribution to the Holding Company with an amount credited to the share based payments reserve in respect of the equity-settled proportion and to liabilities in respect of the cash-settled proportion (see below).

When the Company issues new shares to acquire the MES, the fair value of the MES is credited to share capital.

To the extent that the Company expects to pay cash to acquire the MES, the fair value of the MES is recognised as a liability in the Company's Consolidated of Financial Position. The fair value is established at each balance sheet date and recognised in the Consolidated Statement of Comprehensive Income throughout the vesting period, based on the proportion vested at each Statement of Financial Position date and adjusted to reflect subsequent movements in fair value up to the date of acquisition of the MES by the Company.

The fair value paid to acquire MES (whether in shares in the Company or cash) will result in an increase in the carrying value of the Holding Company by the Company.

Income

All income is accounted for on an accruals basis and is recognised in the Consolidated Statement of Comprehensive Income. Income is further discussed in note 7.

Expenses

Expenses are accounted for on an accruals basis. Expenses incurred on the acquisition of investments at fair value through profit or loss are presented within the Capital column of the Consolidated Statement of Comprehensive Income. All other expenses are presented within the Revenue column of the Consolidated Statement of Comprehensive Income. Charitable donations are accounted for on an accruals basis and are recognised in the Consolidated Statement of Comprehensive Income. Expenses directly attributable to the issuance of shares are charged against capital and recognised in the Consolidated Statement of Changes in Net Assets Attributable to Holders of Ordinary Shares.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant changes in value.

Translation of foreign currency

Items included in the Group's Consolidated Financial Statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). The Consolidated Financial Statements are presented in Sterling (£), which is the Group's functional and presentational currency.

Transactions in currencies other than Sterling are translated at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the Consolidated Statement of Financial Position are translated into Sterling at the rate of exchange ruling at that date.

Foreign exchange differences arising on retranslation are recognised in the Consolidated Statement of Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the rate of exchange at the date of the transaction.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated into Sterling at foreign exchange rates ruling at the date the fair value was determined.

Presentation of the Consolidated Statement of Comprehensive Income

In order to better reflect the activities of an investment company and in accordance with guidance issued by the AIC, supplementary information which analyses the Consolidated Statement of Comprehensive Income between items of a revenue and capital nature has been presented alongside the Consolidated Statement of Comprehensive Income.

3. CRITICAL ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the Group's Consolidated Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses at the reporting date. However, uncertainties about these assumptions and estimates, in particular relating to underlying investments of private equity investments and the life science investments could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Critical accounting judgements
In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Consolidated Financial Statements:

Fair value – life science portfolio
In the case of the Group's investments in unlisted companies, the fair value is determined in accordance with the IPEVC. These include the use of recent arm's length transactions, DCF analysis and earnings multiples. Wherever possible, the Group uses valuation techniques which make maximum use of market-based inputs.

The key judgement relates to whether there is objective evidence that suggests the investment has been impaired or increased in value due to observable data, technical, or commercial performance.

Where the Group is the sole institutional investor and until such time as substantial clinical data has been generated investment will be valued by reference to Cost or PRI subject to adequate consideration being given to current facts and circumstances. Once substantial clinical data has been generated the Group will use input from an independent valuations advisor to assist in the determination of fair value.

Functional currency
As disclosed in note 2, the Group's functional currency is Sterling. Sterling is the currency in which the Group measures its performance and reports its results. Ordinary Shares are denominated in Sterling and dividends are paid in Sterling. The Directors believe that Sterling best represents the functional currency, although the Group has significant exposure to other currencies as described in note 19.

Assessment as investment entity
Entities that meet the definition of an investment entity within IFRS 10 are required to measure their subsidiaries, other than those that provide investment services to the Group, at fair value through profit or loss rather than consolidate them.

The criteria which define an investment entity are as follows:

- An entity that obtains funds from one or more investors for the purpose of providing those investors with investment services;
- An entity that commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income or both; and
- An entity that measures and evaluates the performance of substantially all of its investments on a fair value basis.

The Company meets the criteria as follows:

The Company is a closed-ended investment company and has a number of investors who pool their funds to gain access to the Company's investment services and investment opportunities to which they might not have had access individually. The Company, being listed on the London Stock Exchange, obtains funding from a diverse group of external shareholders.

The key judgement relates to whether the business purpose of the Company is consistent with that of an investment entity. The Company has the intention to realise the constituents of each of its investment classes. Some investments are held long term, but for each investment there is an intention to exit the investment at a price and timing that is deemed suitable to the Group. During the year, the Company agreed to the sale of its shareholding in Nightstar Therapeutics plc.

The Holding Company and the Partnership both measure and evaluate the performance of substantially all of their investments on a fair value basis. The fair value method is used to represent the Company's performance in its communication to the market, including investor presentations. In addition, the Company reports fair value information internally to the Board of Directors, who use fair value as a significant measurement attribute to evaluate the performance of its investments.

The IFRS 10 investment entity exemption requires investment entities to hold subsidiaries that are themselves investment entities, at fair value through profit or loss. As the Holding Company and the Partnership meet the criteria of investment entities, they and their underlying subsidiaries have not been consolidated by the Group.

Sources of estimation uncertainty
The Group's investments consist of its investments in the Holding Company and the Partnership, both of which are classified at fair value through profit or loss and are valued accordingly, as disclosed in note 2. The key source of estimation uncertainty is related to the valuation of the Holding Company's life science investments, the investment in the CRT Pioneer Fund and the Partnership's private equity investments.

The Life Science portfolio is very illiquid. Many of the companies are early stage investments and privately owned. Accordingly, a market value can be difficult to determine. The accounting policy for all investments is described in note 2 and the fair value of all investments is described in note 20. In the case where Syncona is the sole institutional investor and substantive clinical data has been generated, Syncona will use input from an independent valuations advisor in its determination of the fair value of investments.

As at the year end, none of the Partnership's underlying investments have imposed restrictions on redemptions. However, underlying managers often have the right to impose such restrictions. The Directors believe it remains appropriate to estimate their fair values based on NAV as reported by the administrators of the relevant investments.

The Directors believe that such NAV represents fair value because subscriptions and redemptions in the underlying investments occur at these prices at the Consolidated Statement of Financial Position date, where permitted.

The share based payment charge is an estimate linked to the future valuation of the Holding Company. The Holding Company holds life science investments whose valuations are a source of estimation uncertainty as set out above.

4. OPERATING SEGMENTS

The Group is made up of two main components, the "life science portfolio" and the "Capital pool investments". The Board has considered the requirements of IFRS 8 "Operating Segments", and is of the view that the Group's activities form two segments under the standard, the life science portfolio and the capital pool investments. The life science portfolio and the Capital pool investments are managed on a global basis and accordingly, no geographical disclosures are provided.

The Board, as a whole, has been determined as constituting the chief decision maker of the Group. The key measure of performance used by the Board to assess the Group's performance and to allocate resources is the total return based on the NAV per share, as calculated under IFRS.

Life science portfolio
The underlying investments in this segment are those whose activities focus on developing products to deliver transformational treatments to patients.

Details of the underlying assets are shown in the Group Portfolio Statement.

Capital pool investments
The underlying assets in this segment are investments in a diversified portfolio of hedge, equity and long-term alternative investment funds across multiple asset classes. During the year the Group commenced the reduction of its fund investments and increased its weighting to cash and cash equivalents.

Details of the underlying assets are shown in the Group Portfolio Statement.

Information about reporting segments
The following provides detailed information for the Group's two reportable segments for the year ended 31 March 2019 and 31 March 2018:

As at 31 March 2019	**Life science portfolio £'000**	**Capital pool investments £'000**	**Unallocated[1] £'000**	**Total £'000**
Revenue	–	–	34,631	34,631
Capital growth	431,893	(27,406)	–	404,487
Expenses	–	–	(27,856)	(27,856)
Net assets	1,055,473	203,770	195,870	1,455,113

As at 31 March 2018	**Life science portfolio**	**Capital pool investments**	**Unallocated[1]**	**Total**

	£'000	£'000	£'000	£'000
Revenue	–	–	28,747	28,747
Capital growth	162,933	4,761	–	167,694
Expenses	–	–	(23,610)	(23,610)
Net assets	514,543	465,102	76,118	1,055,763

[1] Revenue as explained in note 7 is unrelated to either segment's performance. Expenses include the dividends, donations and expenses for the year, which are not appropriate to allocate by segment. Unallocated net assets are primarily made up of cash and are unrelated to either segment's performance.

The net assets of each segment can be agreed to the Group Portfolio Statement. The capital growth can be agreed to the Consolidated Statement of Comprehensive Income.

5. INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

The Company meets the definition of an investment entity in accordance with IFRS10. Therefore, with the exception of the General Partner, the Company does not consolidate its subsidiaries and indirect associates, but rather recognises them as financial assets at fair value through profit or loss.

Directly owned subsidiaries

Subsidiary	Principal place of business	Principal activity	% interest[1]
Syncona GP Limited	Guernsey	General Partner	100%
Syncona Holdings Limited	Guernsey	Portfolio management	100%
Syncona Investments LP Incorporated	Guernsey	Portfolio management	100%

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Company.

Indirect interests in subsidiaries

Indirect Subsidiaries	Principal placeof business	Immediate parent	Principal activity	% interest[1]
Syncona Discovery Limited	UK	Syncona Investments LP Inc	Portfolio management	100%
Syncona Portfolio Limited	Guernsey	Syncona Holdings Limited	Portfolio management	100%
Syncona IP Holdco Limited	UK	Syncona Portfolio Limited	Portfolio management	100%
Syncona Investment Management Limited	UK	Syncona Holdings Limited	Portfolio management	100%
Syncona Collaboration (E) Limited	UK	Syncona Portfolio Limited	Research	100%
Blue Earth Diagnostics Limited	UK	Syncona Portfolio Limited	Advanced diagnostics	89%
Freeline Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	87%
Gyroscope Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	86%
Achilles Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	69%
Quell Therapeutics Limited	UK	Syncona Portfolio Limited	Gene therapy	58%
SwanBio Limited	USA	Syncona Portfolio Limited	Gene therapy	58%

Indirect associates	Principal place of business	Immediate parent	Principal activity	% interest[1]
Nightstar Therapeutics plc	UK	Syncona Portfolio Limited	Gene therapy	38%
Omass Therapeutics Limited	UK	Syncona Portfolio Limited	Cell therapy	37%
Autolus Therapeutics plc	UK	Syncona Portfolio Limited	Cell therapy	31%
Anaveon AG	Switzerland	Syncona Portfolio Limited	Gene therapy	20%

[1] Based on undiluted issued share capital and excluding the MES issued by Syncona Holdings Limited (see note 13).

6. TAXATION

The Company and the General Partner are exempt from taxation in Guernsey under the provisions of The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and have both paid an annual exemption fee of £1,200 (31 March 2018: £1,200).

The General Partner is incorporated and tax resident in Guernsey, its corporate affairs being managed solely in Guernsey. Having regard to the non-UK tax residence of the General Partner and the Company, and on the basis that the Partnership is treated as transparent for UK and Guernsey tax purposes and that the Partnership's business is an investment business and not a trade, no UK tax will be payable on either the General Partner's or the Company's shares of Partnership profit (save to the extent of any UK withholding tax on certain types of UK income such as interest).

Some of the Group's underlying investments may be liable to tax, although the tax impact is not expected to be material to the Group, and is included in the fair value of the Group's investments.

7. INCOME

The Group's income relates to cash transfers from the Partnership which are used for paying costs and dividends of the Group. Cash transferred from the Partnership to the Group for the purposes of investment in the Holding company is not regarded as income.

During the year, income received from the Partnership amounted to £34,631,000 (31 March 2018: £28,746,812) of which £4,300,000 (31 March 2018: £4,757,729) remained receivable at 31 March 2019. The receivable reflects the charitable donation of the Group.

8. NET GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The net gains on financial assets at fair value through profit or loss arise from the Group's holdings in the Holding Company and Partnership.

	Note	2019 £'000	2018 £'000
Net gains/(losses) from:			
The Holding Company	8.a	431,893	162,933
The Partnership	8.b	(27,406)	4,761
		404,487	167,694

8.a Movements in the Holding Company:

	2019 £'000	2018 £'000
Residual income from liquidated subsidiaries	–	726
Expenses	(100)	(44)
Movement in unrealised gains on life science investments at fair value through profit or loss	431,993	162,251
Net gains on financial assets at fair value through profit or loss	431,893	162,933

8.b Movements in the Partnership:

	2019 £'000	2018 £'000
Investment income	610	1,821
Rebates and donations	2,527	2,355
Expenses	(63)	(236)
Realised gains on financial assets at fair value through profit or loss	76,965	43,670
Movement in unrealised losses on financial assets at fair value through profit or loss	(60,459)	(26,744)
Gains on forward currency contracts	997	20,370
Losses on foreign currency	(13,352)	(7,728)
Gains on financial assets at fair value through profit or loss	7,225	33,508
Distributions	(34,631)	(28,747)
Net (losses)/gains on financial assets at fair value through profit or loss	(27,406)	4,761

9. CHARITABLE DONATIONS

The Group has agreed to make a donation to charity of 0.3% of the total NAV of the Group calculated on a monthly basis, half donated to The Institute of Cancer Research ("ICR") and half donated to The Syncona Foundation (previously The BACIT Foundation), and these donations are made by the General Partner. For the years ending 31 March 2017 and 31 March 2018, the Group agreed that the charitable donations will not be less than £4,751,608. The Group has agreed with The Syncona Foundation that the charitable donations to it will not be less than £2,375,804 for the year ended 31 March 2019. Any amount paid to ICR in excess of half of 0.3% of the total NAV of the Group in those years will be recovered by reducing the charitable donations in subsequent years provided that the charitable donation to ICR will not as a result be reduced below £2,375,804.

During the year, accrued charitable donations amounted to £4,300,155 (31 March 2018: £4,751,608). As at 31 March 2019, £4,300,155 (31 March 2018: £4,751,608) remained payable.

10. GENERAL EXPENSES

	2019 £'000	2018 £'000
Directors' fees	355	219
Auditor's remuneration	232	34
Share based payments	11,792	5,494
Termination expense	–	3,800
Investment management fees	8,923	7,604
Other expenses	2,254	1,707
	23,556	18,858

Auditor's remuneration includes audit fees in relation to the Group of £31,830 (31 March 2018: £34,351). Total audit fees paid by the Group and the Syncona Group Companies for the year ended 31 March 2019 totalled £172,515 (31 March 2018: £128,923). Additional fees paid to the auditor were £28,100 (31 March 2018: £26,500) which relates to work performed at the interim review of £21,600 (31 March 2018: £20,000) and other non-audit fees of £6,500 (31 March 2018: £6,500).

On 31 March 2018 the Investment Management Agreement between the Company and BACIT was terminated in consideration for a cash payment of £3,800,000, as disclosed in note 17. During the year ended 31 March 2018, fees of £1,826,719 were charged by BACIT to the Group.

Further details of the Share based payments can be found in note 13.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2019 £'000	2018 £'000
The Holding Company	11.a	1,048,250	488,347
The Partnership	11.b	421,828	576,174
		1,470,078	1,064,521

11.a The net assets of the Holding Company

	2019 £'000	2018 £'000
Cost of the Holding Company's investment at the start of the year	325,510	180,479
Purchases during the year	131,422	120,091
Realised gains on transfer of assets	–	24,940
Cost of the Holding Company's investments at the end of the year	456,932	325,510
Net unrealised gains on investments at the end of the year	594,148	162,148
Fair value of the Holding Company's investments at the end of the year	1,051,080	487,658
Other current (liabilities)/assets	(2,830)	689
Financial assets at fair value through profit or loss at the end of the year	1,048,250	488,347

The realised gains on transfer of assets relates to the transfer of the life science investments to the subsidiary Syncona Portfolio Limited.

11.b The net assets of the Partnership

	2019 £'000	2018 £'000
Cost of the Partnership's investments at the start of the year	381,381	464,434
Purchases during the year	170,275	95,524
Sales during the year	(433,051)	(209,070)
Return of capital	(12,313)	(13,177)
Net realised gains on disposals during the year	76,965	43,670

Cost of the Partnership's investments at the end of the year	183,257	381,381
Net unrealised gains on investments at the end of the year	52,916	113,017
Fair value of the Partnership's investments at the end of the year	236,173	494,398
Open forward currency contracts	1,908	1,511
Cash and cash equivalents	198,705	78,712
Other net current (liabilities)/assets	(14,958)	1,553
Financial assets at fair value through profit or loss at the end of the year	421,828	576,174

12. TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Due from related parties (see note 17)	4,495	–
Investment income receivable	4,300	4,758
Prepayments	38	687
	8,833	5,445

13. SHARE BASED PAYMENTS

Share based payments are associated with awards of Management Equity Shares ("MES") in the Holding Company, relevant details of which are set out in note 2.

The total cost recognised in the Consolidated Statement of Comprehensive Income is shown below:

	2019 £'000	2018 £'000
Charge relating to issue of new MES	–	4
Charge relating to previously issued MES	–	292
Charge related to revaluation of the liability for cash settled share awards	11,792	5,199
Total	11,792	5,495

Amounts recognised in the Consolidated Statement of Financial Position, representing the carrying amount of liabilities arising from share based payments transactions are shown below:

	2019 £'000	2018 £'000
Share based payments - current	6,351	943
Share based payments - non-current	10,834	4,450
Total	17,185	5,393

When a participant elects to realise vested MES by sale of the MES to the Company, half of the proceeds (net of anticipated taxes) will be settled in shares of the Company, with the balance settled in cash.

The fair value of the MES is established via external valuation as set out in note 2. Vesting is subject only to the condition that employees must remain in employment at the vesting date. Each MES is entitled to share equally in value attributable to the Holding Company above the applicable base line value, provided that the applicable hurdle value of 15% growth in the value of the Holding Company above the base line value at the date of award has been achieved.

The fair value of awards made in the year ended 31 March 2019 was £1,520,000 (31 March 2018: £11,776). This represents 12,607,898 new MES issued (31 March 2018: 557,639).

The number of MES outstanding are shown below:

	2019	2018
At the start of the year	27,664,909	27,785,324
Issued	12,607,898	557,639
Cancelled	(3,488,660)	(678,054)
Outstanding at the end of the year	36,784,147	27,664,909

Weighted average remaining contractual life of outstanding MES, years	2.24	2.75
Vested MES at the year end	14,798,030	6,781,629
Realisable MES at the year end	3,900,433	1,695,407

At 31 March 2019, if all MES were realised the number of shares issued in the Company, as a result would be 10,046,397 (31 March 2018: 4,620,436). The per share value of net assets attributable to holders of Ordinary Shares would fall from £2.20 to £2.17 if these shares were issued.

14. PAYABLES

	2019 £'000	**2018 £'000**
Charitable donations payable	4,300	4,752
Management fees payable	1,242	852
Termination expense payable	–	3,800
Due from related party (see note 17)	500	–
Other payables	662	387
	6,704	9,791

15. SHARE CAPITAL

A. Authorised Share Capital

The Company is authorised to issue an unlimited number of shares, which may have a par value or no par value. The Company is a closed-ended investment company with an unlimited life.

As the Company's shares have no par value, the share price consists solely of share premium and the amounts received for issued shares are recorded in share capital in accordance with The Companies (Guernsey) Law, 2008.

	2019 £'000	**2018 £'000**
Ordinary Share Capital		
Balance at the start of the year	763,016	760,327
Scrip dividend shares issued during the year	3,021	2,689
Balance at the end of the year	766,037	763,016

	2019 Shares	**2018 Shares**
Ordinary Share Capital		
Balance at the start of the year	659,952,090	658,387,407
Scrip dividend shares issued during the year	1,249,383	1,564,683
Share based payment shares issued during the period	20,836	–
Balance at the end of the year	661,222,309	659,952,090

In August 2018, £3,021,008 (1,249,383 Ordinary Shares) in new Ordinary Shares were issued at a price of 241.8p as a result of the 2018 scrip dividend.

In August 2017, £2,688,751 (1,564,683 Ordinary Shares) in new Ordinary Shares were issued at a price of 171.84p as a result of the 2017 scrip dividend.

The Company has issued one Deferred Share to The Syncona Foundation for £1.

B. Capital reserves

Gains and losses recorded on the realisation of investments, realised exchange differences, unrealised gains and losses recorded on the revaluation of investments held at the year end and unrealised exchange differences of a capital nature are transferred to capital reserves.

C. Earnings per share

The calculations for the earnings per share attributable to the Ordinary Shares of the Company are based on the following data:

	2019	**2018**
Earnings for the purposes of earnings per share	£411,262,000	£172,831,499

Basic weighted average number of shares	660,759,419	659,356,224
Basic revenue earnings per share	1.0p	0.8p
Basic capital earnings per share	61.2p	25.4p
Basic earnings per share	62.2p	26.2p
Diluted weighted average number of shares	670,805,816	663,980,947
Diluted revenue earnings per shares	1.0p	0.8p
Diluted capital earnings per share	60.3p	25.2p
Diluted earnings per share	61.3p	26.0p

	2019	**2018**
Issued share capital at start of year	659,952,090	658,387,407
Weighted effect of share issues		
Scrip dividend 25 July 2018	791,959	973,104
Share based payment 13 August 2018	15,370	–
Potential Share based payment share issues	10,046,397	4,620,436
Diluted weighted average number of shares	670,805,816	663,980,947

D. NAV per share

	2019	**2018**
Net assets for the purposes of NAV per share	£1,455,112,953	£1,055,763,499
Ordinary Shares in issue	661,222,309	659,952,090
NAV per share	220.1p	160.0p
Diluted number of shares	671,268,706	664,572,526
Diluted NAV per share	216.8p	158.9p

16. DISTRIBUTION TO SHAREHOLDERS

The Company may pay a dividend at the discretion of the Board.

During the year ended 31 March 2019, the Company declared and paid a dividend of 2.3p (31 March 2018: 2.3p) per share amounting to £15,178,477 (31 March 2018: £15,142,910) relating to the year ended 31 March 2018 (31 March 2017). The dividend was comprised of £12,157,469 cash (31 March 2018: £12,454,159) and a scrip dividend of £3,021,008 (31 March 2018: £2,688,751).

See note 22 for details of the 2019 dividend.

17. RELATED PARTY TRANSACTIONS

The Group has various related parties; life sciences investments held by the Holding Company, the Investment Manager, the Company's Directors and The Syncona Foundation.

Life science investments

The Group makes equity investments in some life science investments where it retains control. The Group has taken advantage of the investment entity exception as permitted by IFRS 10 and has not consolidated these investments, but does consider them to be related parties. The total amounts included for investments where the Group has control are set out below:

	2019 **£'000**	**2018** **£'000**
Investments with control	420,949	248,728

The Group makes other equity investments where it does not have control but may have significant influence through its ability to participate in the financial and operating policies of these companies, therefore the Group considers them to be related parties. The total amounts included for investments where the Group has significant influence are set out below:

	2019 **£'000**	**2018** **£'000**

Investments with significant influence	593,745	226,025

During the year SIML, an indirectly held subsidiary of the Company, charged the life science investments a total of £478,521 (31 March 2018: £340,189) in relation to Directors' fees.

Investment Manager
Until 12 December 2017 BACIT was the Group's Investment Manager, on which date BACIT became a sub-delegate to SIML. BACIT charged the Group an annual fee of 0.19% of NAV per annum. With effect from 12 December 2017, SIML became the Investment Manager of the Group. SIML is an indirectly held subsidiary of the Company.

For the year ended 31 March 2019 SIML was entitled to receive an annual fee of up to 1.10% of NAV (31 March 2018: 1.00%) per annum.

	2019 £'000	2018 £'000
Amounts paid to BACIT	–	5,627
Amounts paid to SIML	8,923	5,778

On 31 March 2018, the sub-delegate relationship between the Company, SIML and BACIT was terminated in consideration for a cash payment of £3,800,000, which is included in the £5,627,000 above.

During the year SIML received fees from its portfolio companies of £478,522 (31 March 2018: £440,368).

Company Directors
At the year end, the Company had seven Directors, all of whom served in a Non-Executive capacity. The Directors Jeremy Tigue, Nicholas Moss and Rob Hutchinson also serve as Directors of the General Partner. Thomas Henderson was a Director of BACIT until May 2018.

Nigel Keen is Chairman of the Investment Manager and receives a fee of £128,388 (31 March 2018: £128,388) per annum, payable by the Investment Manager, in respect of his services to the Investment Manager.

Gian Piero Reverberi was appointed as Non-Executive Director with effect from 1 April 2018. Nicholas Moss was appointed as Senior Independent Director and Rob Hutchinson succeeded him as Chair of the Audit Committee with effect from 1 April 2018.

Directors' fees for the year to 31 March 2019, including outstanding Directors' fees at the end of the year, are set out below.

	2019 £'000	2018 £'000
Directors' fees for the year	355	219
Payable at end of the year	125	–

For further details, please refer to the remuneration report which will be published in the Annual Report.

The Syncona Foundation
Charitable donations are made by the Company to The Syncona Foundation. The Syncona Foundation was incorporated in England and Wales on 17 May 2012 as a private company limited by guarantee, with exclusively charitable purposes and holds the Deferred Share in the Company. The amount donated to The Syncona Foundation during the year ended 31 March 2019 was £2,375,804 (31 March 2018: £2,375,804).

As at 31 March 2019, the Company has a payable to the Holding Company amounting to £500,000 (2018: £Nil), and receivable from the Partnership and Holding Company amounting to £500,000 (2018: £Nil) and £3,953,202 (2018: £Nil) respectively.

18. FINANCIAL INSTRUMENTS

In accordance with its investment objectives and policies, the Group holds financial instruments which at any time may comprise the following:

- securities and investments held in accordance with the investment objectives and policies;
- cash and short-term receivables and payables arising directly from operations; and
- derivative instruments including forward foreign currency contracts.

The financial instruments held by the Group are comprised principally of the investments in the Holding Company and the Partnership.

Details of the Group's significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of its financial assets and liabilities are disclosed in note 2.

	2019 £'000	2018 £'000
Financial assets at fair value through profit or loss		
The Holding Company	1,048,250	488,347
The Partnership	421,828	576,174
Total financial assets at fair value through profit or loss	1,470,078	1,064,521
Financial assets measured at amortised cost		
Bank and cash deposits	91	981
Other financial assets	8,795	4,758
Total financial assets measured at amortised cost	8,886	5,739
Financial liabilities measured at amortised cost		
Share based payments	(17,185)	(5,393)
Other financial liabilities	(6,704)	(9,791)
Total financial liabilities measured at amortised cost	(23,889)	(15,184)
Net financial assets	1,455,075	1,055,076

The financial instruments held by the Group's underlying investments are comprised principally of life science investments, hedge, equity, long-term alternative investment funds and cash.

The table below analyses the carrying amounts of the financial assets and liabilities held by the Holding Company by category as defined in IFRS 9 (see note 2).

	2019 £'000	2018 £'000
Financial assets at fair value through profit or loss		
Investment in Subsidiaries	1,051,080	486,208
Receivable	–	726
Total financial assets at fair value through profit or loss	1,051,080	486,934
Financial assets measured at amortised cost		
Other financial assets	1,123	1,450
Financial liabilities measured at amortised cost		
Other financial liabilities	(3,953)	(37)
Net financial assets of the Holding Company	1,048,250	488,347

The table below analyses the carrying amounts of the financial assets and liabilities held by the Partnership by category as defined in IFRS 9.

	2019 £'000	2018 £'000
Financial assets at fair value through profit or loss		
Listed investments	–	166,677
Unlisted investments	236,173	327,721
Unrealised gains on open forward foreign currency contracts	1,908	1,511
Total financial assets designated at fair value through profit or loss	238,081	495,909
Financial assets measured at amortised cost		
Current assets	199,964	85,084
Financial liabilities measured at amortised cost		
Current liabilities	(16,217)	(4,819)
Net financial assets of the Partnership	421,828	576,174

19. FINANCIAL RISK MANAGEMENT AND ASSOCIATED RISKS

Capital risk management
The Group's objectives when managing capital include the safeguarding of the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group does not have externally-imposed capital requirements.

The Group may incur indebtedness for the purpose of financing share repurchases or redemptions, making investments (including as bridge finance for investment obligations), satisfying working capital requirements or to assist in payment of the Charitable Donation, up to a maximum of 20% of the NAV at the point of obtaining debt. The Group may utilise gearing for investment purposes if, at the time of incurrence, it considers it prudent and desirable to do so in light of prevailing market conditions. There is no limitation on indebtedness being incurred at the level of the underlying investments.

Financial risk management
The Group is exposed to a variety of financial risks as a result of its activities. These risks include market risk (including market price risk, foreign currency risk and interest rate risk), credit risk and liquidity risk. These risks have existed throughout the year and the Group's policies for managing them are summarised below.

The risks below do not reflect the risks of the underlying investment portfolios of the financial assets at fair value through profit or loss. The Group has very significant indirect exposure to a number of risks through the underlying portfolios of the investment entities. This is in line with the strategy of the Group in order to achieve capital gains. There is no mechanism to "control" these risks without considerably prejudicing return objectives.

Due to the lack of transparency in many of the underlying assets in particular those held by the Partnership it is not possible to quantify or hedge the impact of these risks on the portfolio as each investment entity may have complex and changing risk dynamics that are not easily observable or predictable. These risks will include extensive interest, foreign exchange and other market risks which are magnified by significant gearing in many cases, resulting in increased liquidity and return risk.

Syncona Limited
Syncona Limited is exposed to financial risks through its investments in the Holding Company and the Partnership. The risks and policies for managing them are set out in the sections below.

The Holding Company

Market price risk
The Holding Company invests in early stage life science companies that typically have limited products in development, any problems encountered in development may have a damaging effect on that company's business and the value of the investment.

This is mitigated by the employment of highly experienced personnel and the performance of extensive due diligence prior to investment.

Foreign currency risk
Foreign currency risk represents the potential losses or gains on the life science investments future income streams and the potential losses or gains on investments made in US Dollars by the Holding Company's underlying investments.

	2019 **£'000**	**2018** **£'000**
10% increase	103,308	21,186
10% decrease	(126,383)	(25,893)

As at 31 March 2019, the Holding Company had one open forward foreign currency contracts (31 March 2018: Nil).

	Sell **'000**	**Buy** **£'000**	**Mark to market equivalent** **£'000**	**2019 Unrealised losses** **£'000**
Sterling/USD forward currency contract Settlement date 12 June 2019	$336,700	254,948	257,436	(2,488)

Total unrealised losses as at year end	(2,488)

The following tables present the Holding Company's assets and liabilities in their respective currencies, converted into the Group's functional currency.

	CHF £'000	USD £'000	GBP £'000	2019 Total £'000
Financial assets at fair value through profit or loss	3,700	591,493	455,887	1,051,080
Receivables	–	–	1,123	1,123
Payables	–	–	(3,953)	(3,953)
Total	3,700	591,493	453,057	1,048,250

	USD £'000	GBP £'000	2018 Total £'000
Financial assets at fair value through profit or loss	233,041	254,617	487,658
Receivables	–	726	726
Payables	–	(37)	(37)
Total	233,041	255,306	488,347

Interest rate risk
Interest rate risk is negligible in the Holding Company as minimal cash and no debt is held.

Credit risk
The equity investments in life science companies are highly illiquid and cannot be recovered from the investee. The investments are held for the long term and will typically be realised through the sale of the companies concerned, whether in a private transaction or through the public markets.

Liquidity risk
Liquidity risk is the risk that the financial commitments made by the Holding Company are not able to be met as they fall due. The Holding Company holds minimal cash and has no access to debt and instead relies on liquidity from the Partnership. The liquidity risk associated with the Partnership is set out in the Partnership section below.

The table below details the Holding Company's liquidity analysis for its financial assets and liabilities.

	Within 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	Greater than 12 months £'000	2019 Total £'000
Financial assets at fair value through profit or loss	–	258,344	–	792,736	1,051,080
Receivables	–	–	–	1,123	1,123
Payables	–	–	(32)	(3,921)	(3,953)
Total	–	258,344	(32)	789,938	1,048,250
Percentage	0.0%	24.6%	0.0%	75.4%	100.0%

	Within 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	Greater than 12 months £'000	2018 Total £'000
Financial assets at fair value through profit or loss	8,983	–	–	478,675	487,658
Receivables	–	–	726	–	726
Payables	(37)	–	–	–	(37)
Total	8,946	–	726	478,675	488,347
Percentage	1.8%	0.0%	0.2%	98.0%	100.0%

The Partnership

Market price risk
The overall market price risk management of each of the holdings of the Partnership is primarily driven by their respective investment objectives. The Investment Manager assesses the risk in the Partnership's portfolio by monitoring exposures, liquidity, and concentrations of the underlying funds' investments, in the context of the historic and current volatility of their asset classes, and the Investment Manager's risk appetite. The maximum risk resulting

from financial instruments is generally determined by the fair value of underlying funds. The overall market exposure as at 31 March 2019 is shown in the Consolidated Statement of Financial Position.

The financial instruments are sensitive to market price risk; any increase or decrease in market price will have an equivalent effect on the market value of the financial instruments.

Foreign currency risk
Foreign currency risk represents the potential losses or gains the Partnership may suffer through holding foreign currency assets in the face of foreign exchange movements. The Partnership's treatment of currency transactions is set out in note 2 to the Consolidated Financial Statements under "Translation of foreign currency" and "Forward currency contracts". Currency risk exists in the underlying investments, the analysis of which is not feasible.

The investments of the Partnership are denominated in US Dollars, Euros, Swedish Krona and Sterling. The Partnership's functional and presentation currency is Sterling; hence, the Consolidated Statement of Financial Position may be significantly affected by movements in the exchange rates between the foreign currencies previously mentioned. The Investment Manager may manage exposure to Euro and US Dollar movements by using forward foreign currency contracts to hedge exposure to investments in Euro and US Dollar denominated share classes.

As at 31 March 2019, the Partnership had two open forward foreign currency contracts (31 March 2018: two).

	Sell '000	Buy £'000	Mark to market equivalent £'000	2019 Unrealised gains £'000
Sterling/Euro forward currency contract Settlement date 7 May 2019	€47,200	41,618	40,675	943
Sterling/USD forward currency contract Settlement date 7 May 2019	$177,800	137,149	136,184	965
Total unrealised gains as at year end				1,908

	Sell '000	Buy £'000	Mark to market equivalent £'000	2018 Unrealised gains £'000
Sterling/Euro forward currency contract Settlement date 11 July 2018	€80,000	71,156	70,361	795
Sterling/USD forward currency contract Settlement date 11 July 2018	$247,000	176,070	175,354	716
Total unrealised gains as at year end				1,511

The following tables present the Partnership's assets and liabilities in their respective currencies, converted into the Group's functional currency.

	USD £'000	EUR £'000	GBP £'000	2019 Total £'000
Financial assets at fair value through profit or loss	123,321	41,387	71,465	236,173
Cash and cash equivalents	34,128	416	164,161	198,705
Trade and other receivables	7	–	1,252	1,259
Unrealised gains on forward currency contracts	(136,184)	(40,675)	178,767	1,908
Payables	–	–	(16,217)	(16,217)
	21,272	1,128	399,428	421,828

	USD £'000	EUR £'000	GBP £'000	SEK £'000	2018 Total £'000
Financial assets at fair value through profit or loss	208,040	58,943	225,241	2,174	494,398
Bank and cash deposits	44,489	8,174	26,039	10	78,712
Trade and other receivables	172	13	6,187	–	6,372
Unrealised (losses)/gains on forward currency contracts	(175,354)	(70,361)	247,226	–	1,511
Payables	–	–	(4,819)	–	(4,819)
	77,347	(3,231)	499,874	2,184	576,174

Foreign currency sensitivity analysis

The table below details the sensitivity of the Partnership's NAV to a 10% change in the Sterling exchange rate against the US Dollar, Euro and Swedish Krona with all other variables held constant. The sensitivity analysis percentage represents the Investment Manager's assessment, based on the foreign exchange rate movements over the relevant period and of a reasonably possible change in foreign exchange rates.

	2019 USD £'000	2019 EUR £'000	2018 USD £'000	2018 EUR £'000	2018 SEK £'000
10% increase	13,675	4,608	(23,038)	221	(199)
10% decrease	(11,188)	(3,770)	28,157	(271)	243

The above includes the effect of the Group's hedging strategy.

Interest rate risk
Interest receivable on bank deposits or payable on bank overdrafts are affected by fluctuations in interest rates, however the effect is not expected to be material. All cash balances receive interest at variable rates. Interest rate risk may exist in the Partnership's underlying investments, the analysis of which is impractical.

Credit risk
Credit risk in relation to listed securities transactions awaiting settlement is managed through the rules and procedures of the relevant stock exchanges. In particular settlements for transactions in listed securities are effected by the Custodian on a delivery against payment or receipt against payment basis. Transactions in unlisted securities are affected against binding subscription agreements. Credit risk may exist in the Partnership's underlying investments, the analysis of which is impractical.

The principal credit risks for the Partnership are in relation to deposits with banks. Citco Custody (UK) Limited ("Citco"), acts as the principal banker to the Partnership, and as custodian of its assets, a role previously fulfilled by Northern Trust (Guernsey) Limited. The securities held by Citco as Custodian are held in trust and are registered in the name of Syncona Investments LP Incorporated. Citco is "non-rated" however the Investment Manager takes comfort over the credit risk of Citco as they have proven to rank amongst the "Best in Class" and "Top rated" in the recognised industry survey carrying a global presence and over 40 years of experience in the provision of custodian and other services to their clients and the hedge fund industry. The credit risk associated with debtors is limited to any unrealised gains on open forward foreign currency contracts, as detailed above, and other receivables.

Liquidity risk
The Partnership is exposed to the possibility that it may be unable to liquidate its assets as it otherwise deems advisable as the Partnership's underlying funds or their managers may require minimum holding periods and restrictions on redemptions. Further, there may be suspension or delays in payment of redemption proceeds by underlying funds or holdbacks of redemption proceeds otherwise payable to the Partnership until after the applicable underlying fund's financial records have been audited. Therefore, the Partnership may hold receivables that may not be received by the Partnership for a significant period of time, may not accrue any interest and ultimately may not be paid to the Partnership. As at 31 March 2019, no suspension from redemptions existed in any of the Partnership's underlying investments (31 March 2018: Nil).

The table below details the Partnership's liquidity analysis for its financial assets and liabilities. The table has been drawn up based on the undiscounted net cash flows on the financial assets and liabilities that settle on a net basis and the undiscounted gross cash flows on those financial assets and liabilities that require gross settlement.

	Within 1 month £'000	1 to 3 months £'000	3 to 12 months £'000	Greater than 12 months £'000	2019* Total £'000
Financial assets at fair value through profit or loss	21,494	23,089	87,686	103,904	236,173
Cash and cash equivalents	198,705	–	–	–	198,705
Trade and other receivables	1,259	–	–	–	1,259
Unrealised gains on forward currency contracts	–	1,908	–	–	1,908
Payables	(11,915)	–	–	–	(11,915)
Distribution payable	–	–	(4,302)	–	(4,302)
Total	209,543	24,997	83,384	103,904	421,828
Percentage	49.7%	5.9%	19.8%	24.6%	100.0%

	Within 1 month	1 to 3 months	3 to 12 months	Greater than 12 months	2018* Total

	£'000	£'000	£'000	£'000	£'000
Financial assets at fair value through profit or loss	172,648	44,395	99,771	177,584	494,398
Cash and cash equivalents	78,712	–	–	–	78,712
Trade and other receivables	6,372	–	–	–	6,372
Unrealised gains on forward currency contracts	–	–	1,511	–	1,511
Payables	(61)	–	–	–	(61)
Distribution payable	–	–	(4,758)	–	(4,758)
Total	257,671	44,395	96,524	177,584	576,174
Percentage	44.7%	7.7%	16.8%	30.8%	100.0%

* The liquidity tables above reflect the anticipated cash flows assuming notice was given to all underlying investments as at 31 March 2019 and 31 March 2018. They include a provision for "audit hold back" which most hedge funds can apply to full redemptions and any other known restrictions the managers of the underlying funds may have placed on redemptions. Where there is currently no firm indication from the underlying manager on the expected timing of the receipt of redemption proceeds, the relevant amount is included in the "greater than 12 months" category. The liquidity tables are therefore conservative estimates.

20. FAIR VALUE MEASUREMENT

IFRS 13 "Fair value measurement" requires the Group to establish a fair value hierarchy that prioritises the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under IFRS 13 are set as follows:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (that is, as prices) or indirectly (that is, derived from prices) or other market corroborated inputs; and
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Group. The Group considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, and provided by independent sources that are actively involved in the relevant market.

The following table presents the Group's financial assets and liabilities by level within the valuation hierarchy as at 31 March 2019 and 31 March 2018:

Assets	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**2019 Total £'000**
Financial assets at fair value through profit or loss:				
The Holding Company	–	–	1,048,250	1,048,250
The Partnership	–	–	421,828	421,828
Total assets	–	–	1,470,078	1,470,078

Assets	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**2018 Total £'000**
Financial assets at fair value through profit or loss:				
The Holding Company	–	–	488,347	488,347
The Partnership	–	–	576,174	576,174
Total assets	–	–	1,064,521	1,064,521

These amounts represent the unadjusted net asset value of the Partnership and the Holding Company. The underlying assets of the Partnership and the Holding Company are shown below.

The following table presents the Holding Company's financial assets and liabilities by level within the valuation hierarchy as at 31 March 2019 and 31 March 2018:

Asset type	**Level**	**31 March 2019 £'000**	**31 March 2018 £'000**	**Valuation technique**	**Significant unobservable inputs**	**Impact on valuation £'000**
Listed investment	1	591,493	133,475	Publicly available share price at balance sheet date	n/a	n/a
Price of latest funding round (investment made less than 12 months ago)	2	15,457	97,849	Price of latest funding round	n/a	n/a
Syncona Group companies	3	4,051	2,472	Net assets of Syncona Group companies	–	–
Forward contracts	2	(2,488)	–	Publicly available exchange rates at balance sheet date	n/a	n/a
Price of latest funding round (investment made more than 12 months ago)[1]	3	145,262	54,977	Price of latest funding round	The main unobservable input is the variance in the price of the last funding round due to a lack of an active market for the investment. A reasonable shift in the Fair Value of the investment would be +/-10%.	+/- £14,526
Investments valued on discounted cash flow forecasts	3	267,470	186,828	Future earnings potential, discount for lack of marketability and time value of money	Unobservable inputs include management's assessment of the performance of the investee company, uplift in Fair Value and calculations of any impairments. The main unobservable Inputs are: Discount rate with a reasonable possible shift of +/-2% Revenue with a reasonable possible shift of +/-10%.	Discount rate - £20,000 + £25,000 Revenue +/- £56,000
Adjusted price of latest funding round[2]	3	3,968	10,607	Price of latest funding round adjusted by management	The main unobservable input is the variance in the price of the last funding round due to a lack of an active market for the investment. A reasonable shift in the Fair Value of the investment would be +/-10%.	+/- £397

[1] Valuation made by reference to price of recent funding round unadjusted following adequate consideration of current facts and circumstances.

[2] Valuation made by reference to price of recent funding round adjusted following adequate consideration of current facts and circumstances.

The following table presents the movements in Level 3 investments of the Holding Company for the year ended 31 March 2019:

	Life science investments £'000	Syncona Group companies £'000	2019 Total £'000	2018 Total £'000
Opening balance	252,412	2,472	254,884	205,316
Transfer to Level 3	4,177	–	4,177	(59,938)
Purchases	70,741	1,036	71,777	37,353
Gains/(losses) on financial assets at fair value through profit or loss	89,370	543	89,913	72,153
Closing balance	416,700	4,051	420,751	254,884

The net gains for the year included in the Consolidated Statement of Comprehensive Income in respect of Level 3 investments in the Holding Company held at the year end amounted to £89,913,000 (2018: £72,152,873).

During the year ended 31 March 2019, the valuation of a life science investment was adjusted by management and has therefore moved from Level 2 to Level 3. This resulted in £4,177,000 transferring from Level 2 to Level 3.

The following table presents the Partnership's financial assets and liabilities by level within the valuation hierarchy as at 31 March 2019 and 31 March 2018:

	Level	31 March 2019£'000	31 March 2018£'000	Valuation technique	Significant unobservable inputs	Impact on valuation £'000
Listed investments	1	–	162,084	Publicly available share price at balance sheet date	n/a	n/a
Listed investments	2	–	4,593	Publicly available share price at balance sheet date	n/a	n/a
Forward contracts	2	1,908	1,511	Publicly available exchange rates at balance sheet date	n/a	n/a
Unlisted fund investments	2	152,805	241,396	Valuation produced by fund administrator. Inputs into fund components are from observable inputs	n/a	n/a
Long-term unlisted investments	3	49,057	55,518	Valuation produced by fund administrator	The main unobservable input include the assessment of the performance of the underlying fund by the fund administrator. A reasonable possible shift in the Fair Value of the instruments would be +/-10%.	+/- £4,906
CRT pioneer fund	3	34,311	30,807	Valuation produced by fund administrator	Unobservable inputs include the fund manager's assessment of the performance and potential of the underlying assets, changes in market value and any calculations of impairment. A reasonable possible shift in the Fair Value of the instruments would be +/-10%.	+/- £3,431

During the year ended 31 March 2019, one fund was moved from Level 1 to Level 2. This resulted in £3,968,218 transferring from Level 1 to Level 2 (31 March 2018: no transfers).

Assets classified as Level 2 investments are underlying funds fair-valued using the latest available NAV of each fund as reported by each fund's administrator, which are redeemable by the Group subject to necessary notice being given. Included within the Level 2 investments above are investments where the redemption notice period is greater than 90 days. Such investments have been classified as Level 2 because their value is based on observable inputs. The Group's liquidity analysis is detailed in note 19.

Assets classified as Level 3 investments are underlying Limited Partnerships which are not traded or available for redemption. The fair value of these assets is derived from quarterly statements provided by each Limited Partnership's administrator. The Group does not have transparency over the inputs of this valuation.

The following table presents the movements in Level 3 investments of the Partnership for the year ended 31 March 2019:

	CRT Pioneer Fund £'000	Capital pool investment £'000	2019 Total £'000	2018 Total £'000
Opening balance	30,807	55,518	86,325	60,860
Purchases	4,423	209	4,632	31,927
Return of capital	(919)	(11,394)	(12,313)	(13,177)
Gains on financial assets at fair value through profit or loss	–	4,724	4,724	6,715
Closing balance	34,311	49,057	83,368	86,325

The net gains for the year included in the Statement of Comprehensive Income in respect of Level 3 investments of the Partnership held at the year end amounted to £4,473,997 (31 March 2018: £6,714,678 gains).

21. COMMITMENTS AND CONTINGENCIES

The Group had the following commitments as at 31 March 2019:

	2019 Uncalled commitment £'000	2018 Uncalled commitment £'000
Life science portfolio		
Milestone payments to life science companies	101,738	47,105
CRT Pioneer Fund	14,915	19,338
Capital pool investments	4,924	5,575
Total	121,577	72,018

The commitments are expected to fall due in the next 24 months.

22. SUBSEQUENT EVENTS

These Consolidated Financial Statements were approved for issuance by the Board on 13 June 2019. Subsequent events have been evaluated until 11 June 2019.

Melanie Gee joined the Board as a non-executive director and Chair-designate on 4 June 2019.

A scrip dividend for the year ended 31 March 2019 of 2.3 pence per Ordinary Share will be paid on 29 July 2019 to those shareholders on the register of members of the Company as at 20 June 2019.

Between 31 March 2019 and 11 June 2019 the fair value of the Group's holdings in companies whose shares are listed on NASDAQ experienced a combined net fair value decrease of £159.1m.

The sale of Nightstar to Biogen completed on 7 June 2019.

Glossary

ALL
Acute lymphocytic leukaemia – a cancer of the bone marrow and blood in which the body makes abnormal white blood cells.

AAV
Adeno-associated virus – a non-enveloped virus that can be engineered to deliver DNA to target cells.

Autoimmune diseases
A condition in which your immune system mistakenly attacks your body.

Axumin
Diagnostic imaging agent that can help detect and localise recurrent prostate cancer.

BACIT
BACIT (UK) Limited.

Capital pool
Pool of cash, cash equivalents and a portion of fixed term funds less other net liabilities.

Capsid
The protein shell of a virus.

Choroideremia
A rare, degenerative, X-linked genetic retinal disorder primarily affecting males.

Company
Syncona Limited.

CRT Pioneer Fund
The Cancer Research Technologies Pioneer Fund LP. The CRT Pioneer Fund is managed by Sixth Element Capital and invests in oncology focused assets.

CSO
Chief Scientific Officer.

DLBCL

Diffuse large B-cell lymphoma – an aggressive type of blood cancer that can arise in lymph nodes (glands) or outside of the lymphatic system.

Dry AMD
Dry age-related macular degeneration – a progressive and debilitating loss of vision in the centre of the visual field (macula) and a very common cause of blindness in the elderly.

EBITDA
Earnings before interest, tax, depreciation and amortization

Fabry's disease
A rare genetic disease resulting from a deficiency of the enzyme alpha-galactosidase A leading to dysfunctional lipid metabolism and abnormal glycolipid deposits.

General Partner
Syncona GP Limited.

Glioma
A type of brain cancer

Group
Syncona Limited and Syncona GP Limited are collectively referred to as the "Group".

Haemophilia B
A genetic disorder caused by missing or defective Factor IX that can result in dangerously low levels of the essential clotting protein.

Holding Company
Syncona Holdings Limited

ICR
The Institute of Cancer Research.

Immunotherapy
A type of therapy that uses substances to stimulate or suppress the immune system to help the body fight cancer, infection, and other diseases.

Interleukin 2 Receptor Agonist
A type of protein that could therapeutically enhance a patient's immune system to respond to tumours

Investment Manager
BACIT held the Alternative Fund Investment Manager role until 12 December 2017. From this date, Syncona Investment Management Limited became the Alternative Fund Investment Manager.

IRR
Internal Rate of Return.

Life science portfolio
The underlying investments in this segment are those whose activities focus on actively developing products to deliver transformational treatments to patients.

Lymphocytes
Specialised white blood cells that help to fight infection.

Lymphoma
A type of cancer that affects lymphocytes and lymphocyte-producing cells in the body.

Mass spectrometry
An analytical technique that measures the mass-to-charge ratio of proteins.

Melanoma
A type of skin cancer

MES
Management Equity Share

Multiple myeloma
Blood cancer arising from plasma cells found in the bone marrow.

NAV
Net Asset Value.

NAV total return
Movement in NAV per share plus dividend per share.

Neuroblastoma
A cancer that develops from immature nerve cells found in several areas of the body, and most commonly arises in and around the adrenal glands.

Non-small cell lung cancer (NSCLC)
A group of lung cancers that are named for the kinds of cells found in the cancer and how the cells look under a microscope.

Ongoing charges ratio
Expenses from all Syncona Group Companies in addition to the expenses in the Group's consolidated statement of comprehensive income, divided by average NAV for the year. It includes a charge of £11.8m associated with the Syncona Long-Term Incentive Plan.

pALL / aLL
Paediatric/adult acute lymphocytic leukaemia – a cancer of the bone marrow and blood occurring during childhood in which the body makes abnormal white blood cells (lymphocytes).

Partnership
Syncona Investments LP Incorporated.

PET
Positron emission tomography – a type of medical imaging test, which uses a radioactive drug to help locate and visualise certain diseases in the body.

Prostate Specific Membrane Antigen ("PSMA")
A type II membrane protein which is expressed in all forms of prostate tissue.

rDCF
Risk Adjusted Discounted Cash Flow.

Return
Time Weighted Rate of Return is the method used for return calculations.

RPGR
A gene that provides instructions for making a protein that is essential for normal vision.

SIML
Syncona Investment Management Limited.

Stargardt's disease
A form of juvenile macular dystrophy; a rare inherited condition causing loss of central vision.

Syncona Group companies
The Company and its subsidiaries other than its portfolio companies.

T cell
A type of lymphocyte white blood cell, which forms part of the immune system and develops from stem cells in the bone marrow.

T cell lymphoma
A type of cancer that forms in T cells

T regulatory cells (Tregs)
A subset of T cells with the potential to downregulate the immune system.

The Syncona Foundation

The Foundation distributes funds to a range of charities, principally those involved in the areas of life science and health care.

X-linked Retinitis Pigmentosa (“XLRP”)
A rare inherited X-linked recessive genetic retinal disorder primarily affecting males and most often caused by mutations in the RPGR gene.