

Unaudited Financial Statements for the Year Ended 30 November 2020

for

Arc Pharma (UK) Limited

Aequitas
Chartered Accountants
Elthorne Gate
64 High Street
Pinner
HA5 5QA

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for the Year Ended 30 November 2020**

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Arc Pharma (UK) Limited

**Company Information
for the Year Ended 30 November 2020**

DIRECTORS:

Mr S Patel
Mr AJ Patel
Mrs SK Pipaliya

REGISTERED OFFICE:

Unit 3 Curo Park
Frogmore
St. Albans
Hertfordshire
AL2 2DD

REGISTERED NUMBER:

08758564 (England and Wales)

ACCOUNTANTS:

Aequitas
Chartered Accountants
Elthorne Gate
64 High Street
Pinner
HA5 5QA

Balance Sheet
30 November 2020

	Notes	30.11.20 £	£	30.11.19 £	£
FIXED ASSETS					
Tangible assets	4		523,669		416,203
CURRENT ASSETS					
Debtors	5	410,456		426,655	
Cash at bank and in hand		<u>265,630</u>		<u>28,240</u>	
		676,086		454,895	
CREDITORS					
Amounts falling due within one year	6	<u>672,183</u>		<u>419,590</u>	
NET CURRENT ASSETS			<u>3,903</u>		<u>35,305</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>527,572</u>		<u>451,508</u>
CREDITORS					
Amounts falling due after more than one year	7		(193,223)		(217,754)
PROVISIONS FOR LIABILITIES			<u>(73,090)</u>		<u>(32,051)</u>
NET ASSETS			<u>261,259</u>		<u>201,703</u>
CAPITAL AND RESERVES					
Called up share capital			100		100
Retained earnings			<u>261,159</u>		<u>201,603</u>
SHAREHOLDERS' FUNDS			<u>261,259</u>		<u>201,703</u>

The Company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 30 November 2020.

The members have not required the Company to obtain an audit of its financial statements for the year ended 30 November 2020 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

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

The notes form part of these financial statements

Balance Sheet - continued
30 November 2020

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

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

The financial statements were approved by the Board of Directors and authorised for issue on 22 April 2021 and were signed on its behalf by:

Mr AJ Patel - Director

**Notes to the Financial Statements
for the Year Ended 30 November 2020**

1. STATUTORY INFORMATION

Arc Pharma (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£) which is also the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents revenue generated from the laboratory testing services and is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discount, settlement discounts and volume rebates.

Tangible fixed assets

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

Short leasehold	- Over the lease term
Plant and machinery	- 25% on reducing balance
Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Tangible fixed asset under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Notes to the Financial Statements - continued
for the Year Ended 30 November 2020

2. **ACCOUNTING POLICIES - continued**

Deferred tax

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

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

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

Hire purchase and leasing commitments

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset. Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

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

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme.

A defined contribution plan is pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations. The contributions are recognised as an expense in the Statement of income and retained earnings when they fall due. Amount not paid are shown in accruals as liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

3. **EMPLOYEES AND DIRECTORS**

The average number of employees during the year was 27 (2019 - 18) .

Notes to the Financial Statements - continued
for the Year Ended 30 November 2020

4. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 December 2019	5,670	582,163	77,694	76,973	742,500
Additions	-	224,914	8,760	47,404	281,078
At 30 November 2020	<u>5,670</u>	<u>807,077</u>	<u>86,454</u>	<u>124,377</u>	<u>1,023,578</u>
DEPRECIATION					
At 1 December 2019	567	262,122	35,150	28,458	326,297
Charge for year	567	136,239	12,826	23,980	173,612
At 30 November 2020	<u>1,134</u>	<u>398,361</u>	<u>47,976</u>	<u>52,438</u>	<u>499,909</u>
NET BOOK VALUE					
At 30 November 2020	<u>4,536</u>	<u>408,716</u>	<u>38,478</u>	<u>71,939</u>	<u>523,669</u>
At 30 November 2019	<u>5,103</u>	<u>320,041</u>	<u>42,544</u>	<u>48,515</u>	<u>416,203</u>

Included within the net book value of plant and machinery is £39,726 (2019:£52,968) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £13,242 (2019:£17,656).

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.20 £	30.11.19 £
Trade debtors	286,904	357,577
Other debtors	59,499	59,499
Tax	31,404	-
Prepayments and accrued income	<u>32,649</u>	<u>9,579</u>
	<u>410,456</u>	<u>426,655</u>

Included within trade debtors above are factored debts of £286,904 which remain outstanding as at the balance sheet date.

Notes to the Financial Statements - continued
for the Year Ended 30 November 2020

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.11.20	30.11.19
	£	£
Bank loans and overdrafts (see note 8)	231,190	219,362
Hire purchase contracts (see note 9)	11,636	24,080
Trade creditors	340,085	104,694
Taxation and social security	61,232	27,049
Accruals and deferred income	28,040	44,405
	<u>672,183</u>	<u>419,590</u>

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

	30.11.20	30.11.19
	£	£
Bank loans (see note 8)	159,285	171,210
Hire purchase contracts (see note 9)	33,938	46,544
	<u>193,223</u>	<u>217,754</u>

Amounts falling due in more than five years:

Repayable by instalments		
Bank loans	<u>5,833</u>	<u>-</u>

8. LOANS

An analysis of the maturity of loans is given below:

	30.11.20	30.11.19
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	162,320	153,981
Bank loans	68,870	65,381
	<u>231,190</u>	<u>219,362</u>

Amounts falling due between two and five years:

Bank loans	<u>153,452</u>	<u>171,210</u>
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Amounts falling due in more than five years:

Repayable by instalments		
Bank loans	<u>5,833</u>	<u>-</u>

**Notes to the Financial Statements - continued
for the Year Ended 30 November 2020**

9. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	30.11.20 £	30.11.19 £
Net obligations repayable:		
Within one year	11,636	24,080
Between one and five years	<u>33,938</u>	<u>46,544</u>
	<u>45,574</u>	<u>70,624</u>

10. SECURED DEBTS

The following secured debts are included within creditors:

	30.11.20 £	30.11.19 £
Bank overdrafts	162,320	153,981
Hire purchase contracts	45,574	70,624
Bank loans	<u>178,155</u>	<u>236,591</u>
	<u>386,049</u>	<u>461,196</u>

Included in the bank overdrafts is £162,230 factoring debts due to RBS Invoice Finance Ltd. The debts are secured by fixed and floating charges over the assets of the company.

Included within bank loans is £17,308 owed to NatWest Bank Plc and £160,847 owed to Funding Circle Limited. Both loans are secured by a personal guarantee provided by the directors of the company.

The above disclosed hire purchase contract has a fixed interest rate and is secured by the company over the asset held under hire purchase lease commitments.

11. OTHER FINANCIAL COMMITMENTS

The Company has £588,287 of total financial commitments at the balance sheet date in relation to operating lease.

12. RELATED PARTY DISCLOSURES

Ayniry Ltd

A company in which Mr AJ Patel is a director and shareholder.

During the year, the Company paid consultancy fees of £60,000 to Ayniry Ltd. At the balance sheet date, the Company owed £21,200 to Ayniry Ltd.

Notes to the Financial Statements - continued
for the Year Ended 30 November 2020

12. RELATED PARTY DISCLOSURES - continued

Pharmadose Limited

A company in which Mr S Patel is a director and shareholder.

During the year, the Company paid consultancy fees of £155,438 to Pharmadose Limited. Included in the other debtors is £14,499 owed by Pharmadose Limited to the Company. The loan is unsecured, free of interest and repayable on demand.

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