

Unaudited Financial Statements
for the Period 1 December 2020 to 31 December 2021
for
Arc Pharma (UK) Limited

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

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for the Period 1 December 2020 to 31 December 2021**

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Arc Pharma (UK) Limited

**Company Information
for the Period 1 December 2020 to 31 December 2021**

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
31 December 2021

	Notes	31.12.21 £	£	30.11.20 £	£
FIXED ASSETS					
Tangible assets	4		474,204		523,669
CURRENT ASSETS					
Debtors	5	434,550		410,456	
Investments	6	50,000		-	
Cash at bank and in hand		<u>131,685</u>		<u>265,630</u>	
		616,235		676,086	
CREDITORS					
Amounts falling due within one year	7	<u>474,680</u>		<u>672,183</u>	
NET CURRENT ASSETS			<u>141,555</u>		<u>3,903</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			615,759		527,572
CREDITORS					
Amounts falling due after more than one year	8		(129,375)		(193,223)
PROVISIONS FOR LIABILITIES			<u>(89,354)</u>		<u>(73,090)</u>
NET ASSETS			<u>397,030</u>		<u>261,259</u>
CAPITAL AND RESERVES					
Called up share capital			100		100
Retained earnings			<u>396,930</u>		<u>261,159</u>
SHAREHOLDERS' FUNDS			<u>397,030</u>		<u>261,259</u>

The Company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the period ended 31 December 2021.

The members have not required the Company to obtain an audit of its financial statements for the period ended 31 December 2021 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
31 December 2021

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 August 2022 and were signed on its behalf by:

Mr AJ Patel - Director

**Notes to the Financial Statements
for the Period 1 December 2020 to 31 December 2021**

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.

The company has extended its accounting period from 30 November 2021 to 31 December 2021 to align the financial year with the calendar year. These financial statements are for a period of 13 months and hence the comparatives are not entirely comparable.

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.

Government grants

Grants relating to revenue are recognised in income on a systematic basis over the periods in which the entity recognises the related costs for which the grant is intended to compensate. A grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised as other operating income in the Statement of Income and Retained Earnings in the period in which it becomes receivable.

Notes to the Financial Statements - continued
for the Period 1 December 2020 to 31 December 2021

2. **ACCOUNTING POLICIES - continued**

Taxation

Taxation for the period 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.

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 period 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 period was 32 (2020 - 27) .

Notes to the Financial Statements - continued
for the Period 1 December 2020 to 31 December 2021

4. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1 December 2020	5,670	807,077	86,454	124,377	1,023,578
Additions	-	72,551	3,388	48,646	124,585
Disposals	-	(2,757)	-	(1,340)	(4,097)
At 31 December 2021	<u>5,670</u>	<u>876,871</u>	<u>89,842</u>	<u>171,683</u>	<u>1,144,066</u>
DEPRECIATION					
At 1 December 2020	1,134	398,361	47,976	52,438	499,909
Charge for period	615	127,731	11,133	32,035	171,514
Eliminated on disposal	-	(990)	-	(571)	(1,561)
At 31 December 2021	<u>1,749</u>	<u>525,102</u>	<u>59,109</u>	<u>83,902</u>	<u>669,862</u>
NET BOOK VALUE					
At 31 December 2021	<u>3,921</u>	<u>351,769</u>	<u>30,733</u>	<u>87,781</u>	<u>474,204</u>
At 30 November 2020	<u>4,536</u>	<u>408,716</u>	<u>38,478</u>	<u>71,939</u>	<u>523,669</u>

Included within the net book value of plant and machinery is £29,795 (2020:£39,726) 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 £9,932 (2020:£13,242).

5. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	30.11.20 £
Trade debtors	341,850	286,904
Other debtors	59,010	59,499
Tax	-	31,404
Prepayments and accrued income	<u>33,690</u>	<u>32,649</u>
	<u>434,550</u>	<u>410,456</u>

Included within trade debtors above are factored debts of £341,850 which remain outstanding as at the balance sheet date.

Notes to the Financial Statements - continued
for the Period 1 December 2020 to 31 December 2021

6. CURRENT ASSET INVESTMENTS

	31.12.21	30.11.20
	£	£
Loan notes	<u>50,000</u>	<u>-</u>

The above investments consists of loan notes subscribed in Seecubic, Inc with a maturity date of 31 December 2023.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21	30.11.20
	£	£
Bank loans and overdrafts (see note 9)	134,880	231,190
Hire purchase contracts (see note 10)	11,636	11,636
Trade creditors	171,323	340,085
Taxation and social security	149,974	61,232
Accruals and deferred income	6,867	28,040
	<u>474,680</u>	<u>672,183</u>

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

	31.12.21	30.11.20
	£	£
Bank loans (see note 9)	108,042	159,285
Hire purchase contracts (see note 10)	21,333	33,938
	<u>129,375</u>	<u>193,223</u>

Amounts falling due in more than five years:

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

9. LOANS

An analysis of the maturity of loans is given below:

	31.12.21	30.11.20
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	82,272	162,320
Bank loans	52,608	68,870
	<u>134,880</u>	<u>231,190</u>

Notes to the Financial Statements - continued
for the Period 1 December 2020 to 31 December 2021

9. LOANS - continued

	31.12.21	30.11.20
	£	£
Amounts falling due between two and five years:		
Bank loans	<u>108,042</u>	<u>153,452</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>-</u>	<u>5,833</u>

10. LEASING AGREEMENTS

Minimum lease payments under hire purchase fall due as follows:

	31.12.21	30.11.20
	£	£
Net obligations repayable:		
Within one year	11,636	11,636
Between one and five years	<u>21,333</u>	<u>33,938</u>
	<u>32,969</u>	<u>45,574</u>

11. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.21	30.11.20
	£	£
Bank overdrafts	82,272	162,320
Hire purchase contracts	32,969	45,574
Bank loans	<u>115,390</u>	<u>178,155</u>
	<u>230,631</u>	<u>386,049</u>

Included in the bank overdrafts is £82,272 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 £115,390 owed to Funding Circle Limited. The loan is 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.

Notes to the Financial Statements - continued
for the Period 1 December 2020 to 31 December 2021

12. OTHER FINANCIAL COMMITMENTS

The Company has £506,918 of total financial commitments at the balance sheet date in relation to operating lease.

13. 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 £65,000 to Ayniry Ltd.

Pharmadose Limited

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

During the year, the Company paid consultancy fees of £198,468 to Pharmadose Limited.

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