

Company registration number 08758564 (England and Wales)

ARC PHARMA (UK) LIMITED
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
PAGES FOR FILING WITH REGISTRAR

ARC PHARMA (UK) LIMITED

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ARC PHARMA (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2022

	Notes	2022 £	£	2021 £	£
Fixed assets					
Tangible assets	3		565,554		474,204
Current assets					
Debtors	4	661,917		434,550	
Investments	5	50,000		50,000	
Cash at bank and in hand		194,930		131,685	
		<u>906,847</u>		<u>616,235</u>	
Creditors: amounts falling due within one year	6	<u>(618,443)</u>		<u>(474,679)</u>	
Net current assets			<u>288,404</u>		<u>141,556</u>
Total assets less current liabilities			<u>853,958</u>		<u>615,760</u>
Creditors: amounts falling due after more than one year	7		(67,169)		(129,375)
Provisions for liabilities			<u>(106,818)</u>		<u>(89,354)</u>
Net assets			<u><u>679,971</u></u>		<u><u>397,031</u></u>
Capital and reserves					
Called up share capital			100		100
Profit and loss reserves			<u>679,871</u>		<u>396,931</u>
Total equity			<u><u>679,971</u></u>		<u><u>397,031</u></u>

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2022 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

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

ARC PHARMA (UK) LIMITED

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2022

The financial statements were approved by the board of directors and authorised for issue on 16 June 2023 and are signed on its behalf by:

Mr AJ Patel
Director

Company Registration No. 08758564

ARC PHARMA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

Company information

Arc Pharma (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 3 Curo Park, Frogmore, St. Albans, Hertfordshire, AL2 2DD.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

In the previous year, the Company prepared its financial statements for a period of 01 December 2020 to 31 December 2021. The comparative financial statements were prepared for an extended period of 13 months, therefore the comparatives (including the related notes) are not entirely comparable.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, [modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value]. The principal accounting policies adopted are set out below.

1.2 Turnover

Turnover 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 discounts, settlement discounts and volume rebates. Turnover represents revenue generated from the laboratory testing services provided in the normal course of business.

Revenue from contracts for the provision of professional services is recognised by reference to the stage of completion when the stage of completion, costs incurred and costs to complete can be estimated reliably. The stage of completion is calculated by comparing costs incurred, mainly in relation to contractual hourly staff rates and materials, as a proportion of total costs. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.3 Tangible fixed assets

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.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

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

ARC PHARMA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

1.4 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

ARC PHARMA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies

(Continued)

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Retirement benefits

The company operates a defined contribution pension scheme. A defined contribution plan is a 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. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

1.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

ARC PHARMA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

1 Accounting policies (Continued)

1.11 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2022 Number	2021 Number
Total	34	32

3 Tangible fixed assets

	Short leasehold	Plant and fixtures and fittings machinery	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2022	5,670	876,871	89,842	1,144,066
Additions	-	172,295	7,890	279,317
At 31 December 2022	5,670	1,049,166	97,732	1,423,383
Depreciation and impairment				
At 1 January 2022	1,749	525,102	59,109	669,862
Depreciation charged in the year	567	131,016	9,656	187,967
At 31 December 2022	2,316	656,118	68,765	857,829
Carrying amount				
At 31 December 2022	3,354	393,048	28,967	565,554
At 31 December 2021	3,921	351,769	30,733	474,204

Included within the net book value of plant and machinery is £22,346 (2021: £29,795) 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 £7,449 (2021: £9,932).

ARC PHARMA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

4 Debtors	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	579,300	341,850
Other debtors	45,000	59,010
Prepayments and accrued income	37,617	33,690
	<u>661,917</u>	<u>434,550</u>

Included within trade debtors above are factored debts of £579,300 which remain outstanding as at the balance sheet date.

5 Current asset investments	2022	2021
	£	£
Loan notes	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

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

6 Creditors: amounts falling due within one year	2022	2021
	£	£
Bank loans and overdrafts	158,976	134,880
Trade creditors	274,678	171,323
Taxation and social security	163,486	145,717
Other creditors	21,303	22,759
	<u>618,443</u>	<u>474,679</u>

7 Creditors: amounts falling due after more than one year	2022	2021
	£	£
Bank loans and overdrafts	57,472	108,042
Other creditors	9,697	21,333
	<u>67,169</u>	<u>129,375</u>

ARC PHARMA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

8 Loans and overdrafts

	2022	2021
	£	£
Bank loans	109,061	160,650
Bank overdrafts	107,387	82,272
	<u>216,448</u>	<u>242,922</u>
Payable within one year	158,976	134,880
Payable after one year	<u>57,472</u>	<u>108,042</u>

Included within bank loans is £73,430 owed to Funding Circle Limited. The loan is secured by a personal guarantee provided by the directors of the company.

Included in the bank overdrafts is £107,387 factoring debts due to RBS Invoice Finance Ltd. The debts are secured by fixed and floating charges over the assets of the company.

9 Finance lease obligations

	2022	2021
	£	£
Future minimum lease payments due under finance leases:		
Within one year	11,636	11,636
In two to five years	<u>9,697</u>	<u>21,333</u>
	<u>21,333</u>	<u>32,969</u>

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.

10 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2022	2021
£	£
<u>431,918</u>	<u>506,918</u>

ARC PHARMA (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2022

11 Related party transactions

Ayniry Ltd

A company in which Mr AJ Patel is a director and shareholder. During the year, the Company paid consultancy fees of £60,199 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 £68,559 to Pharmadose Limited.

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.