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# Financial Statements IXL Pharma Limited

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For the year ended 31 March 2010

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COMPANIES HOUSE

Company No. 3729115

## Company information

<b>Company registration number:</b>	3729115
<b>Registered office:</b>	The Rectory Arthingworth MARKET HARBOROUGH Leicestershire LE16 8JT
<b>Director:</b>	Dr D J Burston
<b>Secretary:</b>	Mrs S Burston
<b>Bankers:</b>	Barclays Bank plc Cliftonville NORTHAMPTON NN1 5ZF
<b>Solicitors:</b>	EMW Law Seebeck House One Seebeck Place Knowlhill MILTON KEYNES Buckinghamshire MK5 8FR
<b>Auditor:</b>	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Grant Thornton House Kettering Parkway KETTERING Northants NN15 6XR

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## Report of the director

The director presents his report together with financial statements of the company for the year ended 31 March 2010

### **Principal activities**

The company is principally engaged in the marketing and sale of pharmaceutical products

### **Business review**

The director is satisfied with the results for the year and with the year end position. The company ceased to trade on 31 March 2010.

There was a profit for the year after taxation amounting to £3,406,383 (2009 - loss of £87,540). The director recommended payment of a dividend of £3,600,000 (2009 - £nil).

### **Summary of key performance indicators**

The director has monitored the progress of the overall company strategy and the individual strategic elements by reference to certain financial key performance indicators.

#### *Financial*

Operating profit. This has increased to £4.7m (2009 - loss of £90k).

Turnover. Turnover has increased by 107.6% to £8.4m (2009 - increase of 57.4% to £4.1m).

### **Director**

Dr D J Burston was the sole director throughout the year.

### **Financial risk management objectives and policies**

The company uses various financial instruments, these include cash, bank and other borrowings and various items such as trade debtors and trade creditors that arise directly from its operations.

The main risks arising from the company's financial instruments are liquidity risk, interest rate risk, and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

#### **Liquidity risk**

The company seeks to manage this financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. Our policy has been to have funding facilities available to maintain short term flexibility.

#### **Interest rate risk**

The company finances its operations through a mixture of bank and other borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of a variety of facilities.

**Financial risk management objectives and policies****Credit risk**

The company's principal financial assets are cash and trade debtors. Risks associated with cash are limited as the bank has high credit ratings assigned by international credit rating agencies.

The principal credit risk lies with trade debtors. In order to manage credit risk the director sets limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

**Statement of director's responsibilities**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the director is aware

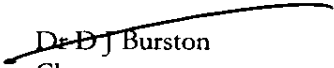
- there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

**Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD



  
D. J. Burston  
Chairman

28 JANUARY 2011



## Report of the independent auditor to the members of IXL Pharma Limited (registered number 3729115)

We have audited the financial statements of IXL Pharma Limited for the year ended 31 March 2010 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of director and auditor**

As explained more fully in the Director's Responsibilities Statement set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2010 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Report of the independent auditor to the members of  
IXL Pharma Limited  
(registered number 3729115)

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Director for the financial year for which the financial statements are prepared is consistent with the financial statements

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Grant Thornton UK LLP*

**Andrew Dixon**  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Kettering

*28 JANUARY 2011*

## Principal accounting policies

### **Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice)

The principal accounting policies of the company have remained unchanged from the previous year and are set out below

### **Basis of consolidation**

The accounts of Dallas Burston Trustees Limited have not been consolidated with those of the company in accordance with section 405 of the Companies Act 2006, as the director considers that the amounts involved are not material and that their inclusion would detract from the clarity of the accounts in respect of the principal activity of the company as marketing and sale of pharmaceutical products. The information is therefore presented as an individual company and not about its group

### **Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts

### **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost, net of depreciation. Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The rates and methods generally applicable are

Computer equipment	33% straight line
Fixtures and fittings	15% straight line
Motor vehicles	25% reducing balance

### **Trademarks and patents**

Trademarks and patents acquired that are considered to relate to products that will not be produced by the company and are not expected to give future benefit to the company are written off in the year of acquisition. Costs incurred in the development and registration of patents are also written off in the year they are incurred.

### **Stocks**

Stocks are stated at the lower of cost and net realisable value



**Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

**Retirement benefits****Defined Contribution Pension Scheme**

The pension costs charged against profits are the contributions payable to the scheme in respect of the accounting period.

**Financial instruments**

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

## Profit and loss account

	Note	2010 £	2009 £
<b>Turnover</b>	1	<b>8,430,059</b>	4,060,983
Cost of sales		<u>1,929,777</u>	<u>3,123,976</u>
Gross profit		6,500,282	937,007
Other income		(233,464)	-
Administrative expenses		<u>1,992,881</u>	<u>1,027,335</u>
<b>Operating profit/(loss)</b>		<b>4,740,865</b>	(90,328)
Net interest	2	<u>(440)</u>	<u>(2,788)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>	1	<b>4,741,305</b>	(87,540)
Tax on profit/(loss) on ordinary activities	6	<u>1,334,922</u>	-
<b>Profit/(loss) transferred to/(from) reserves</b>	13	<u><b>3,406,383</b></u>	<u>(87,540)</u>

There were no recognised gains or losses other than the result for the financial year as set out above

All of the activities of the company are classed as discontinued

## Balance sheet

	Note	£	2010 £	2009 £
<b>Fixed assets</b>				
Tangible assets	7		-	33,606
Investments	8		<u>1</u>	<u>1</u>
			1	33,607
<b>Current assets</b>				
Stock	9	-	352,248	
Debtors	10	221,490	1,151,266	
Cash at bank and in hand		<u>4,883,476</u>	<u>579,308</u>	
		5,104,966	2,082,822	
<b>Creditors' amounts falling due within one year</b>	11	<u>(4,934,922)</u>	<u>(1,752,767)</u>	
<b>Net current assets</b>			<u>170,044</u>	<u>330,055</u>
<b>Total assets less current liabilities</b>			<u>170,045</u>	<u>363,662</u>
<b>Capital and reserves</b>				
Called up share capital	12		100	100
Profit and loss account	13		<u>169,945</u>	<u>363,562</u>
<b>Shareholders' funds</b>	14		<u>170,045</u>	<u>363,662</u>

The financial statements were approved by the director on 28 JANUARY 2011



Dr D J Burston  
 Director

Company registration number 3729115

## Cash flow statement

	Note	2010 £	2009 £
<b>Net cash inflow from operating activities</b>	15	<b>4,361,574</b>	<b>559,155</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		<u>440</u>	<u>2,788</u>
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>440</u>	<u>2,788</u>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(104,160)	(31,775)
Receipts from sale of fixed assets		<u>93,304</u>	<u>8,898</u>
<b>Net cash outflow from capital expenditure</b>		<u>(10,856)</u>	<u>(22,877)</u>
<b>Cash inflow before financing</b>		<b>4,351,158</b>	<b>539,066</b>
<b>Financing</b>			
(Repayment)/receipt from borrowings		<u>(46,990)</u>	<u>46,990</u>
<b>Net cash outflow from financing</b>		<u>(46,990)</u>	<u>46,990</u>
<b>Increase in cash</b>	15	<u><b>4,304,168</b></u>	<u><b>586,056</b></u>

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### **1 Turnover and profit/(loss) on ordinary activities before taxation**

The turnover and profit/(loss) before taxation are attributable to the marketing and sale of pharmaceutical products

The profit/(loss) on ordinary activities is stated after

	2010 £	2009 £
Depreciation of owned tangible fixed assets	32,465	9,359
Audit services	5,000	3,000

### **2 Net interest**

	2010 £	2009 £
Other interest receivable	(440)	(2,788)

### **3 Directors and employees**

The average number of staff employed by the company during the financial year amounted to

	2010 No	2009 No
Number of administrative staff	8	7

The aggregate payroll costs of the above were

	2010 £	2009 £
Wages and salaries	546,911	105,361
Social security costs	24,437	11,241
Other pension costs	-	2,250
	571,348	118,852

The wages and salaries cost includes amounts of £308,808 (2009 - £nil) paid to contracted-out sales personnel

### **4 Director**

Remuneration in respect of the director was as follows

	2010 £	2009 £
Emoluments receivable	73,430	-

**5 Dividends**

**Dividends on shares classed as equity**

	2010 £	2009 £
Proposed during the year		
Equity dividends on ordinary shares	<u>3,600,000</u>	<u>-</u>

**6 Taxation on profit/(loss) on ordinary activities**

The tax assessed for the year is higher (2009 - higher) than the standard rate of corporation tax in the UK of 28% (2009 - 28%) The differences are explained as follows

	2010 £	2009 £
Profit/(loss) on ordinary activities before tax	<u>4,741,305</u>	<u>(87,540)</u>
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 - 28%)	1,327,565	(24,511)
Effect of		
Expenses not deductible for tax purposes	14,629	1,639
Differences between capital allowances and depreciation	(4,161)	2,108
Group relief surrendered	-	21,184
Other timing differences	<u>(3,111)</u>	<u>(420)</u>
Current tax charge for the year	<u>1,334,922</u>	<u>-</u>

**7 Tangible fixed assets**

	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 April 2009	41,401	43,676	44,052	129,129
Additions	4,162	8,639	91,359	104,160
Disposals	-	-	(44,052)	(44,052)
Transfers to related parties	<u>(45,563)</u>	<u>(52,315)</u>	<u>(91,359)</u>	<u>(189,237)</u>
At 31 March 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation				
At 1 April 2009	37,042	43,676	14,805	95,523
Provided in the year	5,076	4,549	22,840	32,465
Eliminated on disposals	-	-	(14,805)	(14,805)
Transfers to related parties	<u>(42,118)</u>	<u>(48,225)</u>	<u>(22,840)</u>	<u>(113,183)</u>
At 31 March 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 31 March 2010	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book value at 31 March 2009	<u>4,359</u>	<u>-</u>	<u>29,247</u>	<u>33,606</u>

**8 Fixed asset investments**

	Shares in group undertaking £
Cost and net book amount	
At 31 March 2010 and at 31 March 2009	<u><u>1</u></u>

At 31 March 2010, the company held 100% of the allotted ordinary share capital of Dallas Burston Trustees Limited. The capital and reserves of that company at 31 March 2010 were £1 and the company had not traded in that year.

**9 Stocks**

	2010 £	2009 £
Finished goods	<u>-</u>	<u>352,248</u>

**10 Debtors**

	2010 £	2009 £
Trade debtors	19,528	598,597
Other debtors	201,962	546,468
Prepayments and accrued income	<u>-</u>	<u>6,201</u>
	<u><u>221,490</u></u>	<u><u>1,151,266</u></u>

**11 Creditors: amounts falling due within one year**

	2010 £	2009 £
Trade creditors	-	418,867
Other creditors	-	962,140
Accruals and deferred income	-	324,770
Corporation tax	1,334,922	-
Dividend	3,600,000	-
Director's loan account	<u>-</u>	<u>46,990</u>
	<u><u>4,934,922</u></u>	<u><u>1,752,767</u></u>

**12 Share capital**

	2010 £	2009 £
Authorised, allotted, called up and fully paid 100 ordinary shares of £1 each	<u><u>100</u></u>	<u><u>100</u></u>

**13 Profit and loss account**

	£
At 1 April 2009	363,562
Profit for the year	3,406,383
Equity dividends	<u>(3,600,000)</u>
At 31 March 2010	<u><u>169,945</u></u>

**14 Reconciliation of movements in shareholders' funds**

	2010 £	2009 £
Profit/(loss) for the financial year	3,406,383	(87,540)
Equity dividends	<u>(3,600,000)</u>	<u>-</u>
Net decrease in shareholders' funds	(193,617)	(87,540)
Shareholders' funds at 1 April 2009	<u>363,662</u>	<u>451,202</u>
Shareholders' funds at 31 March 2010	<u><u>170,045</u></u>	<u><u>363,662</u></u>

**15 Notes to the cash flow statement**

**Reconciliation of operating profit to net cash inflow from operating activities**

	2010 £	2009 £
Operating profit/(loss)	4,740,865	(90,328)
Depreciation	32,465	9,359
Loss/(profit) on disposal of fixed assets	11,997	(450)
Decrease/(increase) in stocks	352,248	(49,215)
Decrease in debtors	929,776	99,058
(Decrease)/increase in creditors	<u>(1,705,777)</u>	<u>590,731</u>
Net cash inflow from operating activities	<u><u>4,361,574</u></u>	<u><u>559,155</u></u>

**Reconciliation of net cash flow to movement in net funds**

	2010 £	2009 £
Increase in cash in the period	4,304,168	586,056
Net cash outflow/(inflow) from financing	<u>46,990</u>	<u>(46,990)</u>
Change in net debt resulting from cash flows and movement in net funds in the period	<u><u>4,351,158</u></u>	<u><u>539,066</u></u>
Net funds at 1 April 2009	<u>532,318</u>	<u>(6,748)</u>
Net funds at 31 March 2010	<u><u>4,883,476</u></u>	<u><u>532,318</u></u>



**Notes to the cash flow statements (continued)**

**Analysis of changes in net funds**

	At 1 April 2009 £	Cash flows £	Non-cash items £	At 31 March 2010 £
Net cash				
Cash in hand and at bank	579,308	4,304,168	-	4,883,476
	579,308	4,304,168	-	4,883,476
Debt				
Debt due within 1 year	(46,990)	46,990	-	-
Net debt	532,318	4,351,158	-	4,883,476

**16 Capital commitments**

The company had no capital commitments at 31 March 2010 or 31 March 2009

**17 Contingent liabilities**

There were no contingent liabilities at 31 March 2010 or 31 March 2009

**18 Transactions with related parties**

Related party transactions were entered into with the following companies and unincorporated entities during the year, Dallas Burston Property, RLS Polo Club LLP, Zeroderma Limited, Dallas Burston Ashbourne Holdings Limited, Stoneythorpe Advertising & Promotions Limited, IXL Pharma Limited, Herbaceutica Limited, Ez1-Pharma Limited, Dallas Burston Healthcare Limited (formerly Herbaceutica Pharma Limited), Dallas Burston Ashbourne Limited and Silchar Club Limited. Dr D J Burston was the sole owner of these companies during the year.

During the year £nil (2009 - £15,000) has been paid to Dallas Burston Property in relation to rental of property. Included within other creditors due in less than one year is a balance of £nil (2009 - £61,671) in respect of Dallas Burston Property.

During the year the company purchased goods totalling £nil (2009 - £117,643) from Zeroderma Limited. At the year end a balance of £nil (2009 - £nil) has been included within other creditors due within one year in respect of Zeroderma Limited.

At the year end a balance of £nil (2009 - £46,990) has been included within creditors due after more than one year in respect of an interest free loan made to IXL Pharma Limited by Dr D J Burston.

During the year the company purchased goods totalling £921,807 (2009 - £1,514,154) from Dallas Burston Healthcare Limited (formerly Herbaceutica Pharma Limited). At the year end a balance of £3,632 has been included in other debtors (2009 - £961,728 included within other creditors) in respect of Dallas Burston Healthcare Limited (formerly Herbaceutica Pharma Limited).

**Transactions with related parties (continued)**

During the year the company recharged costs to Dallas Burston Estates Limited totalling £112,462 (2009 - £nil) At the year end a balance of £112,462 (2009 - £nil) has been included within other debtors in respect of Dallas Burston Estates Limited

Other debtors due in less than one year includes an amount of £nil (2009 - £30) due from RLS Polo Club LLP

Other creditors due in less than one year includes an amount of £nil (2009 - £411) due from Stoneythorpe Advertising & Promotions Limited

Other debtors due in less than one year includes an amount of £nil (2009 - £393,040) due from Dallas Burston Estates Limited

Other debtors due in less than one year includes an amount of £nil (2009 - £30) in respect of Silchar Club Limited

Other debtors due in less than one year includes an amount of £nil (2009 - £3,881) due from Herbacea Limited

During the year the company incurred wage costs of £42,609 (2009 - £nil) paid to Mrs S A Burston, the director's wife

During the year the fixed assets of the company with a net book value of £76,054 (2009 - £nil) were transferred to Dallas Burston Ashbourne Holdings Limited

During the year the company charged license fees to Dallas Burston Ashbourne Limited of £85,711 (2009 - £nil) At the year end a balance of £85,711 (2009 - £nil) has been included within other debtors in respect of Dallas Burston Ashbourne Limited

**19 Controlling related party**

The controlling related party of this company is the director by virtue of his shareholding and directorship