

Registered number: NI608013

Radox Toxicology Ltd

Unaudited

Directors' report and financial statements

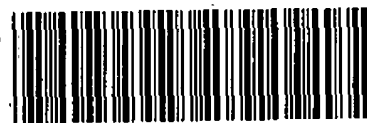
For the year ended 30 June 2022

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Radox Toxicology Ltd

Contents

	Page(s)
Company information	1
Directors' report	2 - 3
Statement of comprehensive income	4
Statement of financial position	5
Notes to the financial statements	6 - 16

Randox Toxicology Ltd

Company information

Directors	Dr. Peter Fitzgerald Ivan McConnell
Registered number	NI608013
Registered office	55 Diamond Road Crumlin County Antrim BT29 4QY
Chartered accountants	KPMG Chartered Accountants The Soloist Building 1 Lanyon Place Belfast BT1 3LP
Bankers	Danske Bank 42 High Street Antrim BT41 4AP
Solicitors	Tughans Marlborough House 30 Victoria Street Belfast BT1 3GG

Randox Toxicology Ltd

Directors' report For the year ended 30 June 2022

The directors present their report and the unaudited financial statements for the year ended 30 June 2022.

Principal activities

The principal activities of the company is the supply of invitro diagnostic equipment to the toxicology industry and Covid testing services.

Results

The profit for the year, after taxation, amounted to £5,049,296 (2021: £3,342,643).

Going concern

The group performance in the 2022 year has been extremely positive, the group is cash generative and is forecast to remain cash positive. The group has prepared cash flow forecasts along with a range of scenarios to 30 June 2024, applying different sensitives to revenue, which indicate that the group and company can continue as a going concern for a period of at least 12 months from the signing of the financial statements. Cashflow forecasts have been prepared to illustrate a base case scenario and a severe but plausible downside trading and cashflow position.

The directors' expectation is that the company and the group will have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors

The directors who held office during the year and up to the date of signing the financial statements were:

Dr. Peter Fitzgerald
Ivan McConnell

**Directors' report (continued)
For the year ended 30 June 2022**

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' Section 1A. Under company law the directors must not approve the financial statements unless they are satisfied that they 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgements and accounting 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

Small companies' exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board on 1 June 2023 and signed on its behalf.



Dr. Peter Fitzgerald
Director

Randox Toxicology Ltd

**Statement of comprehensive income
For the year ended 30 June 2022**

	Year ended 30 June 2022 £	Year ended 30 June 2021 £
Turnover	22,019,671	36,546,265
Cost of sales	(15,803,501)	(28,205,835)
Gross profit	6,216,170	8,340,430
Administrative expenses	(30,683)	(3,720,647)
Other operating income	-	34,408
Operating profit	6,185,487	4,654,191
Interest payable and similar expenses	(26,732)	(6,917)
Profit before taxation	6,158,755	4,647,274
Tax on profit	(1,109,459)	(1,304,631)
Profit for the financial year/period	5,049,296	3,342,643

The notes on pages 6 to 16 form part of these financial statements.

Radox Toxicology Ltd
Registered number: NI608013

Statement of financial position
As at 30 June 2022

	Note	2022 £	2021 £
Fixed assets			
Intangible assets	5	600,222	389,812
Tangible assets	6	2,405,643	1,851,308
		<u>3,005,865</u>	<u>2,241,120</u>
Current assets			
Stocks	7	2,378	20,693
Debtors	8	2,954,694	6,163,745
Cash at bank and in hand	9	7,160,720	1,591,121
		<u>10,117,792</u>	<u>7,775,559</u>
Creditors: amounts falling due within one year	10	(7,014,990)	(9,291,697)
Net current liabilities		<u>3,102,802</u>	<u>(1,516,138)</u>
Total assets less current liabilities		<u>6,108,667</u>	<u>724,982</u>
Provisions for liabilities			
Deferred tax	11	(447,858)	(113,469)
Net assets/(liabilities)		<u><u>5,660,809</u></u>	<u><u>611,513</u></u>
Capital and reserves			
Called up share capital	13	100	100
Accumulated profits/(losses)	12	5,660,709	611,413
Total shareholders' funds/(deficit)		<u><u>5,660,809</u></u>	<u><u>611,513</u></u>

For the year ended 30 June 2022 the company is entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

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 company's financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Dr. Peter Fitzgerald
Director

Date:

The notes on pages 6 to 16 form part of these financial statements.

Randox Toxicology Ltd

Notes to the financial statements For the year ended 30 June 2022

1. General information

The principal activity of the company is the supply of invitro diagnostic equipment to the toxicology industry.

The company is a private limited company limited by shares and is incorporated and domiciled in Northern Ireland, within the United Kingdom. The address of the registered office is 55 Diamond Road, Crumlin, County Antrim, BT29 4QY.

2. Statement of compliance

The financial statements of Randox Toxicology Ltd have been prepared in compliance with United Kingdom Accounting Standards, including section 1A of Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" and the Companies Act 2006.

3. Accounting policies

3.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the 'Financial Reporting Standard applicable in the UK and the Republic of Ireland', and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies.

The following principal accounting policies have been applied consistently:

3.2 Going concern

The group performance in the 2022 year has been extremely positive, the group is cash generative and is forecast to remain cash positive. The group has prepared cash flow forecasts along with a range of scenarios to 30 June 2024, applying different sensitivities to revenue, which indicate that the group and company can continue as a going concern for a period of at least 12 months from the signing of the financial statements. Cashflow forecasts have been prepared to illustrate a base case scenario and a severe but plausible downside trading and cashflow position.

The directors' expectation is that the company and the group will have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Notes to the financial statements
For the year ended 30 June 2022**

3. Accounting policies (continued)

3.3 Exemptions for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- *from preparing a Statement of cash flows, required under Section 7 of FRS 102 and para 3.17(d), on the basis that it is a small company;*
- *from disclosing the company's key management personnel compensation as required by FRS 102 para 33.7;*
- *from the financial instruments disclosures required under FRS 102 para 11.39 to 11.48A; and*
- *from disclosing related party transactions that are wholly owned within the same group under paragraph 33.1A from the provisions of FRS 102, on the grounds that at 30 June 2021 it was a wholly owned subsidiary.*

3.4 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

Where the consideration receivable in cash or cash equivalents is deferred, and the arrangement constitutes a financing transaction, the fair value of the consideration is measured as the present value of all future receipts using the imputed rate of interest.

The company recognises revenue when (i) the significant risks and rewards of ownership have been transferred to the buyer; (ii) the company retains no continuing involvement or control over the goods; (iii) the amount of revenue can be measured reliably; and (iv) it is probable that future economic benefits will flow to the company.

**Notes to the financial statements
For the year ended 30 June 2022**

3. Accounting policies (continued)

3.5 Intangible assets

Development expenditure

Development expenditure relating to diagnostic products manufactured by the company is written off as incurred, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects. In such cases, the identifiable expenditure is capitalised and amortised over the period during which the company is expected to benefit. This period is typically three years. Provision is made for any impairment.

Capitalised development costs include external direct costs of material and services together with direct labour costs and overheads relating to development expenditure. Development costs that are directly attributable to the design and testing of identifiable and unique products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

3.6 Tangible fixed assets

Tangible fixed assets 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.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the Statement of comprehensive income during the year in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line and reducing balance method.

**Notes to the financial statements
For the year ended 30 June 2022**

3. Accounting policies (continued)

3.6 Tangible fixed assets (continued)

Depreciation is provided on the following basis:

Fixtures and fittings	-	20% Reducing balance
Analysers	-	20% Reducing balance and straight line
Daytona	-	20% Reducing balance
Vivalytics	-	20% Reducing balance

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of comprehensive income.

3.7 Impairment of development expenditure

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

3.8 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the standard cost method. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow moving or defective items where appropriate.

At the end of each reporting period stock is assessed for impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Statement of comprehensive income. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Statement of comprehensive income.

3.9 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

3.10 Cash and cash equivalents

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

**Notes to the financial statements
For the year ended 30 June 2022**

3. Accounting policies (continued)

3.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

3.12 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an 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.

**Notes to the financial statements
For the year ended 30 June 2022**

3. Accounting policies (continued)

3.13 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income except when deferred in other comprehensive income as qualifying cash flow hedges.

3.14 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. 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 comprehensive income 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.

3.15 Finance costs

All borrowing costs are recognised in the Statement of comprehensive income in the period in which they are incurred.

3.16 Government grants

Capital based grants on tangible assets are shown as deferred income and credited to the Statement of comprehensive income by installments on a basis consistent with the depreciation policy of the relevant assets.

Grants relating to revenue expenditure are credited to the Statement of comprehensive income on an earned and due for payment basis.

**Notes to the financial statements
For the year ended 30 June 2022**

3. Accounting policies (continued)

3.17 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of financial position.

3.18 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

3.19 Current and deferred taxation

Tax is recognised in the Statement of comprehensive income except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of financial position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

3.20 Share capital

Ordinary share are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from proceeds.

Randox Toxicology Ltd

**Notes to the financial statements
For the year ended 30 June 2022**

4. Employees

The average monthly number of employees, including the directors, during the year was as follows:

	12 month period ended 30 June 2022	12 month period ended 30 June 2021
	Number	Number
Sales and marketing	20	17
Research and development	12	11
	<u>32</u>	<u>28</u>

5. Intangible assets

	Development expenditure £
Cost	
At 1 July 2021	2,178,381
Additions	293,450
At 30 June 2022	<u>2,471,831</u>
Amortisation	
At 1 July 2021	1,788,569
Charge for the year	83,040
Impairment charge	
At 30 June 2022	<u>1,871,609</u>
Net book value	
At 30 June 2022	<u>600,222</u>
At 30 June 2021	<u>389,812</u>

Randox Toxicology Ltd

Notes to the financial statements For the year ended 30 June 2022

6. Tangible assets

	Fixtures and fittings £	Analysers £	Daytona £	Vivalytics £	Total £
Cost					
At 1 July 2021	5,547	950,031	13,122	1,722,000	2,690,700
Additions	-	22,305	-	1,409,113	1,431,418
Disposals	-	-	-	(374,818)	(374,818)
At 30 June 2022	<u>5,547</u>	<u>972,336</u>	<u>13,122</u>	<u>2,756,295</u>	<u>3,747,300</u>
Depreciation					
At 1 July 2021	4,672	702,323	9,897	122,500	839,392
Charge for the year	175	57,135	645	512,778	570,733
Depreciation on Disposal	-	-	-	(68,648)	(68,468)
At 30 June 2022	<u>4,847</u>	<u>759,458</u>	<u>10,542</u>	<u>566,810</u>	<u>1,341,657</u>
Net book value					
At 30 June 2022	<u>700</u>	<u>212,878</u>	<u>2,580</u>	<u>2,189,485</u>	<u>2,405,643</u>
At 30 June 2021	<u>875</u>	<u>247,708</u>	<u>3,225</u>	<u>1,599,500</u>	<u>1,851,308</u>

The Vivalytics additions in the year were transferred from a group company.

7. Stocks

	2022 £	2021 £
Finished goods	<u>2,378</u>	<u>20,693</u>

8. Debtors

	2022 £	2021 £
Trade debtors	350,366	3,929,178
Amounts owed by group undertakings	2,580,291	1,994,946
Other debtors	24,037	239,621
	<u>2,954,694</u>	<u>6,163,745</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

Radox Toxicology Ltd

**Notes to the financial statements
For the year ended 30 June 2022**

9. Cash and cash equivalents

	2022 £	2021 £
Cash at bank and in hand	7,160,720	1,591,121
Less: bank overdrafts	(940)	(20)
	<u>7,159,780</u>	<u>1,591,101</u>

10. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank overdrafts	940	20
Trade creditors	(79,160)	14,866
Amounts owed to group undertakings	6,774,975	7,600,241
Corporation tax	101,246	1,205,802
Other tax and social security	32,867	45,657
Other creditors	-	35,560
Accruals and deferred income	184,122	389,551
	<u>7,014,990</u>	<u>9,291,697</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

11. Deferred taxation

	2022 £	2021 £
At beginning of year/period	(113,469)	(67,022)
(Charged)/credited to Statement of comprehensive income	(334,389)	(46,447)
At end of year/period	<u>(447,858)</u>	<u>(113,469)</u>

The provision for deferred taxation is made up as follows:

	2021 £
Fixed asset timing differences	(113,478)
Short term timing differences	9
	<u>(113,469)</u>

Randox Toxicology Ltd

Notes to the financial statements For the year ended 30 June 2022

12. Reserves

Profit and loss account

The Profit and loss account reserve represents the accumulated profits, losses and distributions of the company.

13. Called up share capital

	2022 £	2021 £
Allotted and fully paid		
100 (2020: 100) Ordinary shares of £1 each	100	100

14. Contingent liabilities

The company has issued, in favour of the bank, by way of a floating charge, the undertaking of the company and all its property both present and future including uncalled capital.

15. Pension commitments

The company operates a defined contribution pension scheme in respect of certain employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £29,423 (2021: £25,846). At the reporting date, unpaid contributions of £127 (2021: £6,179) were due to the fund.

16. Related party transactions

The company has taken advantage of the exemption within FRS 102 paragraph 33.1A, not to disclose transactions with its parent company Randox Holdings Limited or other group companies.

17. Ultimate controlling party and ultimate parent company

The parent company is Randox Holdings Limited and the ultimate parent company is Randox (IOM) Limited. The ultimate controlling party is Dr Peter Fitzgerald.

Randox (IOM) Limited is a company with a registered address of PO Box 145, Level 6, 10A Prospect Hill, Douglas, Isle of Man, IM99 1FY.