

SYNTROPHARMA LIMITED

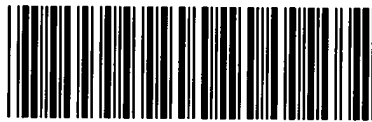
Report and Financial Statements

Year Ended

28 February 2019

Company Number SC279236

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COMPANIES HOUSE

SYNTROPHARMA LIMITED

Company Information

Directors	A Gardiner P K Moore I J G Scott S Méry
Company secretary	MacRoberts Corporate Services Limited
Registered number	SC279236
Registered office	Excel House 4th Floor 30 Semple Street Edinburgh EH3 8BL
Independent auditor	BDO LLP Citypoint 65 Haymarket Terrace Edinburgh EH12 5HD
Bankers	Bank of Scotland plc 33 Channel Street Galashiels TD1 1BE
Solicitors	MacRoberts LLP Excel House 30 Semple Street Edinburgh EH3 8BL

SYNTROPHARMA LIMITED

Registered number: SC279236

Balance sheet As at 28 February 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	5	178	551
		<u>178</u>	<u>551</u>
Current assets			
Stocks	6	32,229	32,433
Debtors: amounts falling due within one year	7	14,879	64,429
Cash at bank and in hand	8	82,524	76,766
		<u>129,632</u>	<u>173,628</u>
Creditors: amounts falling due within one year	9	(722,447)	(516,866)
Net current liabilities		<u>(592,815)</u>	<u>(343,238)</u>
Total assets less current liabilities		<u>(592,637)</u>	<u>(342,687)</u>
Net liabilities		<u>(592,637)</u>	<u>(342,687)</u>
Capital and reserves			
Called up share capital	10	6	6
Share premium account	11	547,900	547,900
Profit and loss account	11	(1,140,543)	(890,593)
		<u>(592,637)</u>	<u>(342,687)</u>

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

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 7 August 2019.



P K Moore
Director

The notes on pages 3 to 10 form part of these financial statements.

SYNTROPHARMA LIMITED

Statement of changes in equity For the Year Ended 28 February 2019

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 March 2017	6	346,900	(675,186)	(328,280)
Comprehensive income for the year				
Loss for the year	-	-	(215,407)	(215,407)
Shares issued during the year	-	201,000	-	201,000
Total transactions with owners	-	201,000	-	201,000
At 1 March 2018	6	547,900	(890,593)	(342,687)
Comprehensive income for the year				
Loss for the year	-	-	(249,950)	(249,950)
Total transactions with owners	-	-	-	-
At 28 February 2019	6	547,900	(1,140,543)	(592,637)

The notes on pages 3 to 10 form part of these financial statements.

SYNTROPHARMA LIMITED

Notes to the financial statements For the Year Ended 28 February 2019

1. General information

Syntropharma Limited is a private company, limited by shares, incorporated in Scotland with company number SC279236. The company's registered office is 4th Floor, Excel House, 30 Semple Street, Edinburgh, EH3 8BL.

The principal activity of Syntropharma Limited is that of drug development, in particular, the development and commercialisation of transdermal patch applications of drugs used to treat Central Nervous System disorders.

The functional currency is GBP. The level of rounding applied is to the nearest pound.

2. Accounting policies

2.1 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 following principal accounting policies have been applied:

2.2 Going concern

The company made a loss of £249,950 (2018 - £215,407) in the current financial year and has net liabilities of £592,637 (2018 - £342,687). The ability of the company to continue as a going concern is dependent on the ability of the company to secure new customers for its products, securing approval to sell products in new countries or obtaining additional funding from shareholders as it becomes required. Furthermore, it is dependent upon the directors not seeking repayment of monies owed to them until such time which the company has sufficient funds to meet the liabilities. The directors have provided written confirmation to this effect.

At the year end, the company has been funded through capital injected by its shareholders and a loan provided by Scottish Enterprise. The company received additional funding from its existing shareholders of £94,000 prior to year end and £46,800 after the year end. The new shares were issued on 1 May 2019. Should the company not meet its forecasts for the coming financial period, it would need to generate further capital and there is no guarantee of this fundraising being successful. These conditions indicate a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Since the year end the company has continued to develop sales opportunities and the directors remain confident regarding the company's prospects and are in discussions with a number of parties regarding licencing of their various products in a number of international markets. Sales are increasing and are projected to deliver cash self-sustainment for the business during 2019-20. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

SYNTROPHARMA LIMITED

Notes to the financial statements For the Year Ended 28 February 2019

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.4 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.

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

Depreciation is provided on the following basis:

Office equipment	-	25% straight line
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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.

2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the statement of other comprehensive income.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

SYNTROPHARMA LIMITED

Notes to the financial statements For the Year Ended 28 February 2019

2. Accounting policies (continued)

2.7 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.8 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 debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable 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.

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.

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.

2.9 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.

2.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the statement of other comprehensive income.

2.11 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

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Notes to the financial statements For the Year Ended 28 February 2019

2. Accounting policies (continued)

2.12 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

2.13 Interest payable

Interest payable is recognised in the statement of comprehensive income using the effective interest method.

2.14 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 balance sheet date in the countries where the company operates and generates income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal value.

Stock is valued at the lower of cost and net realisable value. A source of estimation uncertainty surrounds the net realisable value of the stock and as to whether or not there is an indication of impairment. To address this, management review post year end sales of all stock lines compared to the quantity of stock held and use this to form the basis for any impairment.

4. Employees

The average monthly number of employees, including directors, during the year was 5 (2018 - 5).

SYNTROPHARMA LIMITED

Notes to the financial statements For the Year Ended 28 February 2019

5. Tangible fixed assets

	Office equipment £
Cost or valuation	
At 1 March 2018	12,159
At 28 February 2019	12,159
Depreciation	
At 1 March 2018	11,608
Charge for the year on owned assets	373
At 28 February 2019	11,981
Net book value	
At 28 February 2019	178
At 28 February 2018	551

6. Stocks

	2019 £	2018 £
Stock held for sale	32,229	32,433

7. Debtors

	2019 £	2018 £
Trade debtors	4,135	3,093
Other debtors	5,176	9,812
Prepayments and accrued income	5,568	6,047
Tax recoverable	-	45,477
	14,879	64,429

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Notes to the financial statements For the Year Ended 28 February 2019

8. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	<u>82,524</u>	<u>76,766</u>

9. Creditors: Amounts falling due within one year

	2019 £	2018 £
Other loans	9,211	14,130
Trade creditors	443,014	357,449
Other taxation and social security	3,512	3,508
Other creditors	159,230	64,596
Accruals and deferred income	107,480	77,183
	<u>722,447</u>	<u>516,866</u>

SYNTROPHARMA LIMITED

Notes to the financial statements For the Year Ended 28 February 2019

10. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
60,684 (2018 - 60,684) Ordinary shares of £- each	6	6

Executive Option Scheme

One employee has the right to purchase 698 ordinary shares at a price of £62.40 per share. The option was granted on 1 August 2008 and will expire on 1 August 2028. No performance conditions are attached to this scheme. No charge has been recorded for Executive Option Scheme share options granted due to their value being immaterial.

EMI share options

The options applied to two individuals. 2,558 options with an exercise price of £0.0001 per share were granted on 1 August 2008. These options have not been exercised and expired on 1 August 2018.

11. Reserves

Share premium account

The share premium account represents the accumulated excess amount paid for ordinary shares over their nominal value.

Profit and loss account

The profit and loss account represents the accumulated profits and losses on the activities of the company.

12. Commitments under operating leases

At 28 February 2019 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	4,059	2,847
Later than 1 year and not later than 5 years	2,902	-
	6,961	2,847

SYNTROPHARMA LIMITED

Notes to the financial statements For the Year Ended 28 February 2019

13. Related party transactions

During the year, fees totalling £29,776 (2018 - £29,944) and £28,834 (2018 - £29,106) were invoiced by JGS Associates (Scotland) Limited and Business Therapies Limited, companies controlled by I J G Scott and P K Moore respectively, for services provided as non executive directors with £744 (2018 - £940) and £384 (2018 - £300) paid in the year. Included within trade creditors and other creditors are amounts of £185,850 (2018 - £156,818) and £174,662 (2018 - £146,212) due to JGS Associates (Scotland) Limited and Business Therapies Limited.

Included within trade creditors is an amount of £nil (2018 - £41,760) due to Kinesys Consulting Limited, a company controlled by a former non executive director. No amounts were invoiced during the year.

Included within other creditors are amounts of £60,521 (2018 - £60,521) payable to A Gardiner, a director of the company.

During the year, fees totalling £24,000 (2018 - £24,000) were invoiced by S Mery for services provided as a non executive director. Included within other creditors are amounts of £68,000 (2018 - £44,000) payable to S Mery.

14. Controlling party

In the opinion of the board of directors and by virtue of their respective shareholdings, there is no one individual party that exercises control of the company.

15. Post Balance Sheet Event

On 1 May 2019, 1,408 £0.0001 ordinary shares have been issued at a price of £100 per share.

16. Auditor's information

The auditor's report on the financial statements for the year ended 28 February 2019 was unqualified.

In their report, the auditor emphasised the following matter without qualifying their report:

We draw attention to note 2.2 to the financial statements, which indicates that as the Company may not achieve its forecasts the Directors would need to generate further capital and there is no guarantee of this fundraising being successful. As stated in note 2.2, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 9 August 2019 by Martin Gill (senior statutory auditor) on behalf of BDO LLP.