

Registered number: 04126111

RX FARMA LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021



RX FARMA LIMITED

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RX FARMA LIMITED

COMPANY INFORMATION

Directors	B K Shah P K Shah
Registered number	04126111
Registered office	Fifth Floor Watson House 54-60 Baker Street London W1U 7BU
Independent auditor	Blick Rothenberg Audit LLP Chartered Accountants & Statutory Auditor 16 Great Queen Street Covent Garden London WC2B 5AH

RX FARMA LIMITED**BALANCE SHEET
AS AT 31 AUGUST 2021**

	Note	2021 £	As restated 2020 £
Current assets			
Stocks		1,198,745	1,365,714
Debtors: amounts falling due within one year	6	240,235	504,158
Cash at bank and in hand		441,503	464,550
		<u>1,880,483</u>	<u>2,334,422</u>
Creditors: amounts falling due within one year	7	(2,428,731)	(2,854,138)
Net current liabilities		<u>(548,248)</u>	<u>(519,716)</u>
Total assets less current liabilities		<u>(548,248)</u>	<u>(519,716)</u>
Net liabilities		<u>(548,248)</u>	<u>(519,716)</u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account		(548,249)	(519,717)
Total equity		<u>(548,248)</u>	<u>(519,716)</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 profit and loss account 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 by:



P K Shah
Director

Date: 31 May 2022

The notes on pages 4 to 13 form part of these financial statements.

RX FARMA LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 September 2019	1	(186,438)	(186,437)
Comprehensive income for the period			
Loss for the financial year as restated (note 10)	-	(333,279)	(333,279)
	<hr/>	<hr/>	<hr/>
At 31 August 2020 and 1 September 2020	1	(519,717)	(519,716)
Comprehensive income for the year			
Loss for the financial year	-	(28,532)	(28,532)
	<hr/>	<hr/>	<hr/>
At 31 August 2021	1	(548,249)	(548,248)
	<hr/>	<hr/>	<hr/>

The notes on pages 4 to 13 form part of these financial statements.

RX FARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. General information

RX Farma Limited is a private company limited by shares incorporated in England and Wales. The address of its registered office is Fifth Floor Watson House, 54-60 Baker Street, London, W1U 7BU.

The financial statements are presented Sterling (£).

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 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 (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis notwithstanding the fact the company has a deficiency on shareholders' funds at the end of the year of £548,248.

The directors consider this basis to be appropriate as the company has received a letter of financial support from its parent undertaking, Orion Holdings (UK) Limited.

Having considered post year end trading, financial results, cash reserves of the company and the group and the ongoing support from the fellow group company, and after making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence and meet its liabilities as they fall due for the foreseeable future, being a period of at least twelve months from the date these financial statements were approved. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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.

RX FARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.4 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Pharmaceutical licences	-	straight line over 10 years
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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 profit or loss.

2.6 Financial instruments

The company has elected to apply Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument.

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.

The company's policies for its major classes of financial assets and financial liabilities are set out below.

Financial assets

Basic financial assets, including trade and other debtors, and cash and bank balances are initially recognised at transaction price, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

Such assets are subsequently carried at amortised cost using the effective interest method, less any impairment.

RX FARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

Financial instruments (continued)

Financial liabilities

Basic financial liabilities, including trade and other creditors, and loans from fellow group companies, 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 for a similar debt instrument. Financing transactions are those in which payment is deferred beyond normal business terms or is financed at a rate of interest that is not a market rate.

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

Impairment of financial assets

Financial assets 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 profit and loss account.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If the 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

RX FARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.7 Cash

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 Share capital

Ordinary shares are classified as equity.

2.9 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is Sterling (£).

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 profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'administrative expenses'.

RX FARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

2. Accounting policies (continued)

2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, 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.

Current tax is the amount of income tax payable in respect of taxable profit for the year or prior years.

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.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet 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. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

RX FARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The following are the critical judgements and estimations that the directors have made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of stock

The company sells goods that are perishable, subject to price fluctuations in line with consumer demand and subject to regulation regarding distribution. Management review stock balances on a regular basis. In determining whether there is a need for a provision, management is required to determine their best estimate of the current and future valuation of items held in stock. In arriving at this estimate, management consider historical experience and current trends, use actual data of goods destroyed after the period and take into account expiration dates of perishable goods.

4. Employees

The average monthly number of employees, including directors, during the year was 5 (2020 -5).

RX FARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

5. Intangible assets

	Licences and software £
At 1 September 2020	128,509
Disposals	(128,509)
At 31 August 2021	-
At 1 September 2020	128,509
On disposals	(128,509)
At 31 August 2021	-
Net book value	
At 31 August 2021	-
At 31 August 2020	-

6. Debtors

	2021 £	2020 £
Trade debtors	92,690	304,106
Other debtors	80,000	31,637
Prepayments and accrued income	67,545	168,415
	240,235	504,158

RX FARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

7. Creditors: amounts falling due within one year

	2021 £	As restated 2020 £
Trade creditors	1,877,925	2,060,149
Amounts owed to group undertakings	511,315	679,088
Other taxation and social security	31,491	-
Accruals and deferred income	8,000	114,901
	<u>2,428,731</u>	<u>2,854,138</u>

As at 31 August 2021 the amounts owed to group undertakings were interest free, had no fixed repayment date and were repayable on demand.

Subsequent to the year end, a proportion of the amounts owed to a group undertaking was formalised as follows:

An amount of £223,315 which has a fixed repayment date of 31 August 2026 and attracts an annual interest of 2%.

8. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
1 (2020 -1) Ordinary share of £1.00	<u>1</u>	<u>1</u>

RX FARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

9. Related party transactions

The company has taken advantage of the exemption contained in FRS 102 section 33 "Related Party Disclosures" from disclosing transactions with entities which are a wholly owned part of the group.

Transactions with related parties are as follows:

Relationship	Transaction	Amount		Amount due (to)/from related parties	
		2021 £	2020 £	2021 £	2020 £
Sigma Pharmaceuticals Plc	Sales	(9,018,223)	(1,780,099)	(41,728)	304,107
	Loan	(164,847)	210,501	(223,315)	(392,088)

As at 31 August 2021 the amounts owed to related parties were interest free, had no fixed repayment date and were repayable on demand.

Subsequent to the year end, a proportion of the amounts owed to related parties were formalised as follows:

An amount of £223,315 which has a fixed repayment date of 31 August 2026 and attracts an annual interest of 2%.

10. Prior year adjustment

A prior year adjustment has been made to recognise an expense in the year ended 31 August 2020. Licence expenses were invoiced after 31 August 2020 and were not recognised in the year ended 31 August 2020 due to a clerical error.

The effect of the adjustment on the year ended 31 August 2020 is to recognise an expense and amounts owed to a group undertaking of £287,000. The impact on net assets as at 31 August 2020 is a decrease to profit and loss reserves of £287,000. The prior year adjustment had no corporation tax impact.

11. Controlling party

The immediate parent undertaking is Orion Holdings (UK) Limited.

The parent undertaking of the smallest group of undertakings for which group financial statements are drawn up and of which the company is a member is Orion Holdings (UK) Limited, whose registered office is at Fifth Floor Watson House, 54-60 Baker Street, London, United Kingdom, W1U 7BU. Copies of these group financial statements are available to the public from its registered office.

The ultimate parent company is The Atlantic Trust, a trust incorporated in the Isle of Man.

In the opinion of the directors the ultimate controlling party is The Atlantic Trust.

RX FARMA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

12. Auditor's information

The auditor's report on the company's full financial statements for the year ended 31 August 2021 was unqualified. Those financial statements were audited by Blick Rothenberg Audit LLP and the auditor's report thereon was signed by Simon Rothenberg (senior statutory auditor).