

**PERACHEM LIMITED**

**Registered number 05024723**

**Directors' Report and Financial Statements**

**For the year ended 31 March 2018**

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**PERACHEM LIMITED**

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## PERACHEM LIMITED

### Company Information

#### Directors, Registered Office and Advisers

|                            |  |
|----------------------------|--|
| <b>Directors</b>           | Dr A M Fielding<br>Professor D M Lewis<br>S M Winston<br>N J K Wood  |
| <b>Secretary</b>           | S M Winston  |
| <b>Registration number</b> | 05024723 (England and Wales)   |
| <b>Registered office</b>   | First Floor, 55 Drury Lane<br>London<br>England<br>WC2B 5RZ  |
| <b>Independent Auditor</b> | RSM UK Audit LLP<br>Chartered Accountants<br>Central Square<br>5 <sup>th</sup> Floor, 29 Wellington Street<br>Leeds<br>West Yorkshire<br>LS1 4DL |
| <b>Bankers</b>             | HSBC Bank plc<br>33 Park Row<br>Leeds<br>LS1 1LD   |

## PERACHEM LIMITED

### Directors' Report

The directors present their report with the audited financial statements of the company for the year ended 31 March 2018. The Directors have taken advantage of the exemptions available as the Company qualifies as a small company and is part of a larger group producing consolidated accounts which includes the information required on a consolidated basis.

### Principal activity

The principal activity of the business continues to be the sale of hair care products and revenue generated from licensing and exclusivity agreements.

### Results and dividends

The loss for the year after taxation amounted to £644,335 (2017: £640,849)

The directors do not recommend the payment of a dividend for the year under review (2017: £nil).

### Research and development

During the year, the company incurred expenditure on research and development activities amounting to £100,045 (2017: £60,000). This has been charged to the statement of comprehensive income as incurred.

### Directors

The directors during the year under review were:

Dr A M Fielding  
Professor D M Lewis  
S M Winston  
N K J Wood

### Third party indemnity provisions

Qualifying third party indemnity provisions are in place for the benefit of all directors of the company.

### Charitable and political donations

No charitable or political donations have been made in either financial year.

### Strategic report

The company has taken advantage of the exemptions available to it as a small company from the requirement to prepare a Strategic report.

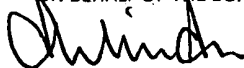
### Statement as to disclosure of information to auditor

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### Auditor

The auditor, RSM UK Audit LLP, has indicated its willingness to continue in office.

ON BEHALF OF THE BOARD



S M Winston  
Director

25 July 2018

**Statement of Directors' Responsibilities**

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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 period.

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

- 1 select suitable accounting policies and then apply them consistently;
- 2 make judgements and accounting estimates that are reasonable and prudent; and
- 3 prepare the financial statements on a 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 position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

**Independent auditor's report to the members of Perachem Limited**

**Opinion**

We have audited the financial statements of Perachem Limited (the 'company') for the year ended 31 March 2018 which comprise of the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report or in preparing the directors' report.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

**Use of our report**

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.

RSM UK Audit LLP

ANDREW ALLCHIN FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
Central Square,  
5<sup>th</sup> Floor  
29 Wellington Street  
Leeds  
LS1 4DL

30 July 2018

PERACHEM LIMITED

**Statement of Comprehensive Income**  
for the year ended 31 March 2018

|  | Notes    | 31 Mar 2018<br>£ | 31 Mar 2017<br>£ |
|--|----------|------------------|------------------|
| Revenue  | 4        | 55,107           | 10,345           |
| Cost of Sales  |          | (17,565)         | (2,528)          |
| Gross Profit   |          | 37,542           | 7,817            |
| Administrative expenses                                |          | (713,091)        | (663,687)        |
| <b>OPERATING LOSS AND LOSS BEFORE TAXATION</b>         | <b>6</b> | <b>(675,549)</b> | <b>(655,870)</b> |
| Tax on loss  | 7        | 31,214           | 15,021           |
| <b>TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL YEAR</b> |          | <b>(644,335)</b> | <b>(640,849)</b> |

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



PERACHEM LIMITED

Statement of Financial Position  
as at 31 March 2018

|  | Notes | 2018<br>£          | 2017<br>£          |
|--|-------|--------------------|--------------------|
| <b>ASSETS</b>                                  |       |                    |                    |
| <b>Non-current assets</b>                      |       |                    |                    |
| Property, plant and equipment                  | 8     | 8,434              | 9,994              |
| <b>Current assets</b>                          |       |                    |                    |
| Stocks   | 9     | 202,776            | 98,691             |
| Trade and other receivables                    | 10    | 48,259             | 36,297             |
| Cash and cash equivalents                      | 11    | 4,699              | 8,009              |
|  |       | <u>255,734</u>     | <u>142,997</u>     |
| <b>Total assets</b>                            |       | <u>264,168</u>     | <u>152,991</u>     |
| <b>LIABILITIES</b>                             |       |                    |                    |
| <b>Current liabilities</b>                     |       |                    |                    |
| Creditors: amounts falling due within one year | 12    | (3,917,460)        | (3,161,948)        |
| <b>Total liabilities</b>                       |       | <u>(3,917,460)</u> | <u>(3,161,948)</u> |
| <b>Net current liabilities</b>                 |       | <u>(3,661,726)</u> | <u>(3,018,951)</u> |
| <b>Net liabilities</b>                         |       | <u>(3,653,292)</u> | <u>(3,008,957)</u> |
| <b>EQUITY</b>                                  |       |                    |                    |
| Called up share capital                        | 14    | 111                | 111                |
| Share premium                                  |       | 281,932            | 281,932            |
| Retained earnings                              |       | (3,935,335)        | (3,291,000)        |
| <b>Total equity</b>                            |       | <u>(3,653,292)</u> | <u>(3,008,957)</u> |

Registered number: 05024723

Approved for issue by the Board of Directors on 26 July 2018 and signed on its behalf by:



S M Winston  
Director



N J K Wood  
Director

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

PERACHEM LIMITED

**Statement of Changes in Equity**  
for the year ended 31 March 2018

|                                       | Share<br>Capital<br>£ | Share<br>Premium<br>£ | Capital<br>Contribution<br>£ | Retained<br>Earnings<br>£ | Total<br>Equity<br>£ |
|---------------------------------------|-----------------------|-----------------------|------------------------------|---------------------------|----------------------|
| <b>At 1 April 2016</b>                | <b>111</b>            | <b>281,932</b>        | <b>20,041</b>                | <b>(2,670,192)</b>        | <b>(2,368,108)</b>   |
| Total comprehensive loss for the year | -                     | -                     | -                            | (640,849)                 | (640,849)            |
| Transfer to retained earnings         | -                     | -                     | (20,041)                     | 20,041                    | -                    |
| <b>At 1 April 2017</b>                | <b>111</b>            | <b>281,932</b>        | <b>-</b>                     | <b>(3,291,000)</b>        | <b>(3,008,957)</b>   |
| Total comprehensive loss for the year | -                     | -                     | -                            | (644,335)                 | (644,335)            |
| <b>At 31 March 2018</b>               | <b>111</b>            | <b>281,932</b>        | <b>-</b>                     | <b>(3,935,335)</b>        | <b>(3,653,292)</b>   |

## PERACHEM LIMITED

### Notes to the Financial Statements For the year ended 31 March 2018

#### 1 Corporate information

Perachem Limited is a limited company, registered, domiciled and incorporated in England and Wales. The address of the registered office is given on page 1. The nature of its operations and principal activities are set out in the Directors' Report.

#### 2 Accounting policies

##### *(a) Basis of preparation*

The Company's financial statements have been prepared in accordance with applicable with United Kingdom accounting standards, including Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland ('FRS 102') as they apply to financial statements for the year ended 31 March 2018 and as applied in accordance with the Companies Act 2006. The principal accounting policies adopted by the Group are set out in the following notes. These policies have been consistently applied to all periods presented unless otherwise stated.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements as permitted by FRS 102:

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial instruments;
- the requirements of Section 12 Other financial instruments;
- the requirements of Section 26 Share based payments; and
- the requirements of Section 33 Related party disclosures

The financial statements of the Company are consolidated in the financial statements of Perachem Holdings plc. The consolidated financial statements of Perachem Holdings plc are available from its registered office, First Floor, 55 Drury Lane, London WC2B 5RZ.

The financial statements have been prepared on a historical cost basis, except where otherwise indicated. The financial statements are presented in sterling and all values are rounded to the nearest pound (£) except where otherwise indicated.

##### *(b) Going Concern*

The financial statements are prepared on a going concern basis which assumes that the group will have sufficient funding to enable it to continue to operate for the foreseeable future. The company is engaged in the development of new technologies and is dependent on the continued support of its parent company, Perachem Holdings plc, to enable the completion of its projects through to commercial viability.

The company made a loss of £644,335 (2017: £640,849) and had net current liabilities of £3,661,726 (2017: £3,018,951) which included sums due to the parent of £3,880,250 (2017: £3,089,000). The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year ended 31 March 2018. The parent company has had a successful equity fund raise in Spring 2017 and has secured sufficient funding to proceed with planned operations. The parent company has provided written confirmation to the directors that for a period of at least twelve months following the approval of the financial statements it will not demand repayment of any amount due to it such as to preclude the Company from meeting its liabilities as and when they fall due.

The Directors have prepared cash flow forecasts for a 12 month period from the date of approval of these financial statements and the ability of the group to generate sufficient cash depends on the group's ability to achieve these forecasts. Consequently, the Directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

##### *(c) Revenue recognition and segmental reporting*

Revenue represents the value of goods and services provided, excluding value added tax. Certain revenues are generated from licensing and exclusivity agreements under which the company grants third parties rights to certain products or technologies.

Revenue is recognised at the fair value of the consideration received or receivable. Upfront payments and other similar non-refundable payments received under these agreements are recorded as deferred revenue and are recognised in the profit and loss account over the performance period stipulated in the agreement. Non-refundable royalty or exclusivity payments of fixed amounts received under these agreements are recorded as deferred revenue and are recognised in the profit and loss account as they fall due for payment.

The business is regarded as two segments; being the licensing and exclusivity royalty agreements and that of sale of hair care products.

**2 Accounting policies (continued)****(d) Property, plant and equipment**

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

|                       |               |
|-----------------------|---------------|
| Plant and machinery   | - 20% on cost |
| Fixtures and fittings | - 20% on cost |
| Computer equipment    | - 33% on cost |

**(e) Stocks**

Stocks are valued at the lower of purchase cost and net realisable value, after making due allowance for obsolete and slow moving stocks.

**(f) Taxation**

Current tax is recognised for the amount of income tax payable or tax credit receivable in respect to the taxable profit or loss for the current or past reporting periods using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profits (temporary differences) and is accounted for using the liability method.

A deferred tax asset or liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax asset or liability arises from (a) the initial recognition of goodwill or (b) the initial recognition of an asset or liability in a transaction which (i) is not a business combination and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**(g) Research and development**

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Development costs are only capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

- technical feasibility of the completed intangible assets;
- the probability of future economic benefits;
- the reliable measure of costs;
- the ability and intention of the company to use or sell the intangible asset.

Such intangible assets are amortised on a straight-line basis from the point at which the assets are ready for use over the period of the expected benefit, and are reviewed for an indication of impairment at each reporting date. Other development costs are charged against profit or loss as incurred since the criteria for their recognition as an asset are not met.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third party cost. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

No development costs to date have been capitalised as intangible assets.

## PERACHEM LIMITED

### Notes to the Financial Statements For the year ended 31 March 2018

#### 2 Accounting policies (continued)

##### *(h) Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the Statement of Comprehensive Income.

##### *(i) Leasing commitments*

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

##### *(j) Share-based payments*

Equity-settled share-based payments are issued to certain employees. Equity-settled share-based payments are measured at fair value at the date of the grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest.

##### *(k) Financial instruments*

Financial assets and financial liabilities are recognised in the statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

##### *- Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and comprise trade and other receivables, and other financial assets.

##### *- Trade receivables*

Trade receivables are initially recognised at fair value which is normally the invoice value in short term receivables. Thereafter the receivables are carried at amortised cost. Provision is made where there is objective evidence that a balance will not be recovered in full in accordance with the instruments original terms. An impairment calculation is based on a comparison between the carrying amount and the net present value of expected future cash flows, discounted by the original effective rate.

##### *- Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand and short-term bank deposits.

##### *- Financial liabilities*

Financial liabilities, which comprise trade and other payables (including accruals) and amounts due to group undertakings are initially recognised at fair value and are carried at amortised cost.

#### 3 Critical accounting judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

##### Share-based payments

The Group has issued share-based payments to certain employees and Directors. The cost of such awards is measured at fair-value at the date of grant and this expense is recognised on a straight-line basis over the vesting period. The determined fair value is a source of management estimation based on cost of services and the cost of recent share issues.

#### 4 Revenue

Revenue is attributable to the two principal activities of the group, which are the sale of hair care products and revenue generated from licensing and exclusivity agreements. Non-refundable royalty or exclusivity payments of fixed amounts received under such agreements are recognised in the statement of comprehensive income as they fall due for payment.

Revenue represents the value of goods and services provided net of VAT.

|                              | 31 Mar 2018   | 31 Mar 2017   |
|------------------------------|---------------|---------------|
|                              | £             | £             |
| Sale of hair care products   | 55,107        | 8,941         |
| Royalty licencing agreements | -             | 1,404         |
|                              | <u>55,107</u> | <u>10,345</u> |

**PERACHEM LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2018**

**4 Revenue (continued)**

An analysis of the revenue by geographical market is given below:

|                   | <b>31 Mar 2018</b> | 31 Mar 2017   |
|-------------------|--------------------|---------------|
|                   | £                  | £             |
| United Kingdom    | 10,796             | 10,151        |
| Europe            | 25,015             | 194           |
| Rest of the World | 19,296             | -             |
|                   | <u>55,107</u>      | <u>10,345</u> |

**5 Employees and Directors**

|                       | <b>31 Mar 2018</b> | 31 Mar 2017    |
|-----------------------|--------------------|----------------|
|                       | £                  | £              |
| Wages and salaries    | 352,295            | 248,380        |
| Social security costs | 39,915             | 25,511         |
| Pension costs         | 1,813              | 204            |
|                       | <u>394,023</u>     | <u>274,095</u> |

|                         | <b>31 Mar 2018</b> | 31 Mar 2017   |
|-------------------------|--------------------|---------------|
|                         | £                  | £             |
| Directors' remuneration | <u>18,000</u>      | <u>18,000</u> |

The directors received no further emoluments in respect of their services to the company.

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

|   | <b>31 Mar 2018</b> | 31 Mar 2017 |
|---|--------------------|-------------|
|   | Number             | Number      |
| Management, research and administration | <u>7</u>           | <u>5</u>    |

**6 Operating loss for the financial year**

Operating loss for the financial year has been arrived at after charging:

|                                      | <b>31 Mar 2018</b> | 31 Mar 2017  |
|--------------------------------------|--------------------|--------------|
|                                      | £                  | £            |
| Operating lease rent                 | 44,413             | 36,187       |
| Depreciation                         | 4,364              | 3,456        |
| Foreign exchange differences         | -                  | -            |
| Research and development costs       | 100,045            | 60,000       |
| Cost of stocks charged as an expense | 17,565             | 2,528        |
| Auditor fees                         | <u>4,500</u>       | <u>4,500</u> |

**7 Tax on loss on ordinary activities**

**Analysis of the tax credit**

The tax credit on the loss for the year was as follows:

|                     | <b>31 Mar 2018</b> | 31 Mar 2017     |
|---------------------|--------------------|-----------------|
|                     | £                  | £               |
| <b>Current tax:</b> |                    |                 |
| UK corporation tax  | <u>(31,214)</u>    | <u>(15,021)</u> |
| <b>Tax on loss</b>  | <u>(31,214)</u>    | <u>(15,021)</u> |

UK corporation tax has been charged at 19% (2017: 20%)

**PERACHEM LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2018**

**7 Tax on loss on ordinary activities (continued)**

**Reconciliation of total tax credit included in profit and loss**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

|  | 31 Mar 2018<br>£ | 31 Mar 2017<br>£ |
|--|------------------|------------------|
| Loss before tax  | (675,549)        | (655,870)        |
| Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017: 20%) | (128,354)        | (131,174)        |
| Effects of:  |                  |                  |
| Expenses not deductible for tax purposes   | 363              | 4,803            |
| Capital allowances in excess of depreciation   | 266              | -                |
| R&D tax credits received in respect of earlier years                                 | (31,214)         | (15,021)         |
| Tax losses carried forward   | 127,725          | 126,371          |
| Total tax credit   | (31,214)         | (15,021)         |

Deferred tax assets are not recognised due to the uncertainty over timing of future profit generation to utilise the tax losses carried forward of £2,804,154 (2017: £2,256,330)

**8 Property, plant and equipment**

|                       | Plant and<br>machinery<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Totals<br>£ |
|-----------------------|-----------------------------|-------------------------------|----------------------------|-------------|
| <b>COST</b>           |                             |                               |                            |             |
| At 1 April 2017       | 33,817                      | 1,900                         | 12,519                     | 48,236      |
| Additions             | 2,804                       | -                             | -                          | 2,804       |
| At 31 March 2018      | 36,621                      | 1,900                         | 12,519                     | 51,040      |
| <b>DEPRECIATION</b>   |                             |                               |                            |             |
| At 1 April 2017       | 30,446                      | 1,174                         | 6,622                      | 38,242      |
| Charge for the year   | 1,408                       | 179                           | 2,777                      | 4,364       |
| At 31 March 2018      | 31,854                      | 1,353                         | 9,399                      | 42,606      |
| <b>NET BOOK VALUE</b> |                             |                               |                            |             |
| At 31 March 2018      | 4,767                       | 547                           | 3,120                      | 8,434       |
| At 31 March 2017      | 3,371                       | 726                           | 5,897                      | 9,994       |

**9 Stocks**

|                | 31 Mar 2018<br>£ | 31 Mar 2017<br>£ |
|----------------|------------------|------------------|
| Finished goods | 202,776          | 98,691           |
|                | 202,776          | 98,691           |

**PERACHEM LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2018**

**10 Trade and other receivables**

|                   | <b>31 Mar 2018</b> | 31 Mar 2017   |
|-------------------|--------------------|---------------|
|                   | £                  | £             |
| Trade receivables | 4,410              | 4,701         |
| VAT receivable    | 19,752             | 9,472         |
| Prepayments       | 24,097             | 22,124        |
|                   | <u>48,259</u>      | <u>36,297</u> |

The directors consider the trade receivables carrying amounts to approximate their fair value.

**11 Cash and cash equivalents**

|                          | <b>31 Mar 2018</b> | 31 Mar 2017  |
|--------------------------|--------------------|--------------|
|                          | £                  | £            |
| Cash at bank and on hand | <u>4,699</u>       | <u>8,009</u> |

Cash balances are held with the HSBC Bank plc.

**12 Creditors: Amounts falling due within one year**

|                                   | <b>31 Mar 2018</b> | 31 Mar 2017      |
|-----------------------------------|--------------------|------------------|
|                                   | £                  | £                |
| Amounts due to group undertakings | 3,880,250          | 3,089,000        |
| Trade creditors                   | 15,564             | 54,498           |
| Tax and social security           | 12,345             | 10,991           |
| Pension                           | 301                | 184              |
| Accruals and deferred income      | 9,000              | 7,275            |
|                                   | <u>3,917,460</u>   | <u>3,161,948</u> |

**13 Leasing agreements**

Minimum lease payments under non-cancellable operating leases fall due as follows:

| <b>Company</b>             | <b>31 Mar 2018</b> | 31 Mar 2017   |
|----------------------------|--------------------|---------------|
|                            | £                  | £             |
| Within one year            | 23,700             | 20,316        |
| Between one and five years | <u>47,250</u>      | <u>4,050</u>  |
|                            | <u>70,950</u>      | <u>24,366</u> |

On 21 June 2012, the company entered into a 5 year lease for new premises with annual rent of £16,465. On 22 June 2017, the company renewed this lease on a 10 year basis with an annual rent of £21,000. The lease contains a break clause provision whereby it can be terminated on 21 June 2022 by the company giving 6 month's notice.

On 1 January 2016, the company entered into a 5 year lease for additional premises with an annual rent of £5,100. The lease contains a break clause provision whereby it can be terminated on 30 June 2017 by the company giving 6 months' notice. Perachem Limited exercised the break clause in December 2016 in order to enter into another lease with the same landlord for larger premises.

On 8 December 2016, the company entered into a 10 year lease for larger premises, with an annual rent of £16,200. The lease contains a break clause provision whereby it can be terminated on 7 June 2018 or 7 December 2019 by the company giving 6 months' notice. In April 2018 the company exercised the break clause in order to move to alternative premises with the same landlord.



**PERACHEM LIMITED**

**Notes to the Financial Statements  
For the year ended 31 March 2018**

**14 Share capital**

Authorised, issued and fully paid

|                           | 31 Mar 2018    | 31 Mar 2018 | 31 Mar 2017    | 31 Mar 2017 |
|---------------------------|----------------|-------------|----------------|-------------|
|                           | Number         | £           | Number         | £           |
| Ordinary shares of £0.001 | 110,990        | 111         | 110,990        | 111         |
|                           | <b>110,990</b> | <b>111</b>  | <b>110,990</b> | <b>111</b>  |

**Ordinary share rights**

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

**15 Reserves**

Reserves of the Company represent the follows:

**Share premium**

Consideration received for shares issued above their nominal value net of transaction costs.

**Retained earnings**

Cumulative profit and loss net of distributions to owners

**16 Related party transactions**

The company has taken advantage of the exemption to not disclose related party transactions with its parent company.

**17 Ultimate parent company**

The ultimate parent company is Perachem Holdings plc, a company incorporated in the United Kingdom. Perachem Holdings plc is the immediate parent and is the smallest and largest company for which consolidated accounts including Perachem Limited are prepared. Copies of the consolidated accounts for the group can be obtained from First Floor, 55 Drury Lane, London, WC2B 5RZ. There is no overall controlling party.

**18 Share-Based payment transactions**

The company has taken advantage of the exemption under FRS 102 paragraph 1.12(d) to not disclose information relating to share options granted to directors and employees of the company on the basis that these relate to equity instruments of the parent company, Perachem Holdings plc and the relevant disclosures have been made in the consolidated financial statements of that company.