

**COMPANY REGISTRATION NUMBER: 07316783**

**Proveca Limited**

**Information for filing with registrar**

**31st July 2021**



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# Proveca Limited

## Statement of financial position

31st July 2021

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	6	133,656	133,656
Tangible assets	7	61,390	37,897
Investments	8	22,047	22,047
		<u>217,093</u>	<u>193,600</u>
<b>Current assets</b>			
Stocks		154,883	308,874
Debtors	9	3,749,393	2,094,782
Cash at bank and in hand		2,280,624	2,557,034
		<u>6,184,900</u>	<u>4,960,690</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>(9,132,534)</u>	<u>(1,944,624)</u>
<b>Net current (liabilities)/assets</b>		<u>(2,947,634)</u>	<u>3,016,066</u>
<b>Total assets less current liabilities</b>		<u>(2,730,541)</u>	<u>3,209,666</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>-</u>	<u>(7,311,333)</u>
<b>Net liabilities</b>		<u>(2,730,541)</u>	<u>(4,101,667)</u>
<b>Capital and reserves</b>			
Called up share capital	13	340	340
Share premium account	14	5,531,684	5,531,684
Capital redemption reserve	14	10	10
Profit and loss account	14	(8,262,575)	(9,633,701)
<b>Shareholders funds</b>		<u>(2,730,541)</u>	<u>(4,101,667)</u>

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with Section 1A of FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

In accordance with section 444 of the Companies Act 2006, the statement of comprehensive income has not been delivered.

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 statement of financial position  
continues on the following page.  
The notes on pages 3 to 9 form part of these financial statements.

# **Proveca Limited**

## **Statement of financial position** *(continued)*

**31st July 2021**

These financial statements were approved by the board of directors and authorised for issue on 24th March 2022, and are signed on behalf of the board by:

*Simon Bryson*

Dr S P Bryson  
Director

Company registration number: 07316783

**The notes on pages 3 to 9 form part of these financial statements.**

# **Proveca Limited**

## **Notes to the financial statements**

**year ended 31st July 2021**

### **1. General information**

The principal activity of the company is that of research, development and manufacture of pharmaceutical preparations. The company is a private limited company, which is incorporated in England and Wales (no 07316783). The address of the registered office is WeWork, No.1 Spinningfields, Quay Street, Manchester, M3 3JE.

### **2. Statement of compliance**

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

### **3. Accounting policies**

#### **Basis of preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

#### **Grant income**

Grant income is recognised in the profit and loss account when the relevant proportion of costs have been incurred in line with the requirements of the grant providers. Any accrued or deferred income is recognised on the balance sheet in debtors and creditors as appropriate.

#### **Going concern**

The company reports a strong cash balance at the financial year-end of £2.3m and the Directors have undertaken assessments of the company's financial position since the year-end through updated financial forecasts with consideration of the debt repayments which became due in December 2021. These loans are in the process of being refinanced, the current investors continue to be supportive of the business and the ongoing provision of the loan capital to the company during the refinancing process.

The Directors are in discussion with potential investors as part of a new funding round to also secure further opportunities for growth in the business and are confident appropriate funding will be in place for the next phase of the company's development. The Directors of the company also continue to consider potential ongoing economic impacts on the company and the industry impact of these is considered low. The Directors believe the company will have adequate resources available to continue to operate for more than a year after the date of the signing of these accounts and the Directors continue to adopt the going concern basis of accounting in preparing its financial statements.

#### **Research and development**

Research expenditure is written off in the period in which it is incurred.

#### **Consolidation**

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

# **Proveca Limited**

## **Notes to the financial statements** *(continued)*

**year ended 31st July 2021**

### **3. Accounting policies** *(continued)*

#### **Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Details of these judgements are set out in the accounting policies.

#### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

#### **Taxation**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

#### **Foreign currencies**

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

#### **Operating leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

# Proveca Limited

## Notes to the financial statements *(continued)*

year ended 31st July 2021

### 3. Accounting policies *(continued)*

#### **Intangible assets**

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses. Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

#### **Amortisation**

Amortisation has not been charged on intangible assets in the current year as these are still in development. Amortisation will be charged after Grant of licence has been achieved with review for impairment prior to that.

#### **Tangible assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

#### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and Fittings	-	20% straight line
Office equipment	-	25% straight line

#### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

#### **Impairment of fixed assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

# Proveca Limited

## Notes to the financial statements *(continued)*

### year ended 31st July 2021

#### 3. Accounting policies *(continued)*

##### Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

##### Financial instruments

A financial asset or a financial liability is recognised only when the entity becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost using the effective interest method, using a discount rate of 12%.

Finance costs comprise interest payable on borrowings calculated at the effective interest rate method and recognised on an accruals basis.

##### Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

#### 4. Employee numbers

The average number of persons employed by the company during the year amounted to 23 (2020: 17).

#### 5. Auditors remuneration

In the year-ending 31 July 2021, the fees payable for the audit of the financial statements was £9,200 (2020 - £8,950).

#### 6. Intangible assets

	Intangible asset £
<b>Cost</b>	
At 1st August 2020 and 31st July 2021	<u>133,656</u>
<b>Amortisation</b>	
At 1st August 2020 and 31st July 2021	<u>—</u>
<b>Carrying amount</b>	
At 31st July 2021	<u>133,656</u>
At 31st July 2020	<u>133,656</u>



# Proveca Limited

## Notes to the financial statements (continued)

### year ended 31st July 2021

#### 6. Intangible assets (continued)

The intangible asset acquired in the prior year relates to the intellectual property for development of a drug formula and was purchased from an unconnected third party in June 2020 with additional potential payments as set out in the contingent liability note.

#### 7. Tangible assets

	Fixtures and fittings £	Equipment £	Total £
<b>Cost</b>			
At 1st August 2020	8,616	54,401	63,017
Additions	5,508	34,471	39,979
Disposals	(2,290)	–	(2,290)
<b>At 31st July 2021</b>	<b>11,834</b>	<b>88,872</b>	<b>100,706</b>
<b>Depreciation</b>			
At 1st August 2020	4,352	20,768	25,120
Charge for the year	1,081	13,330	14,411
Disposals	(215)	–	(215)
<b>At 31st July 2021</b>	<b>5,218</b>	<b>34,098</b>	<b>39,316</b>
<b>Carrying amount</b>			
<b>At 31st July 2021</b>	<b>6,616</b>	<b>54,774</b>	<b>61,390</b>
At 31st July 2020	4,264	33,633	37,897

#### 8. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 1st August 2020 and 31st July 2021	22,047
<b>Impairment</b>	
At 1st August 2020 and 31st July 2021	–
<b>Carrying amount</b>	
<b>At 31st July 2021</b>	<b>22,047</b>
At 31st July 2020	22,047

The company owns 100% of the issued share capital of the companies listed below:

Daresbury Pharma Limited (dormant) - Incorporated in England and Wales.

Proveca Pharma Limited (sale and distribution of pharmaceutical products) - Incorporated in Ireland.

Proveca (Germany) GmbH (sale and distribution of pharmaceutical products) - Incorporated in Germany.

# Proveca Limited

## Notes to the financial statements *(continued)*

year ended 31st July 2021

### 9. Debtors

	2021 £	2020 £
Trade debtors	1,559,599	1,631,659
Amounts owed by group undertakings	1,915,939	309,329
Other debtors	273,855	153,794
	<u>3,749,393</u>	<u>2,094,782</u>

### 10. Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	422,583	616,697
Amounts owed to group undertakings	1	83,221
Social security and other taxes	178,386	187,216
Other creditors	8,531,564	1,057,490
	<u>9,132,534</u>	<u>1,944,624</u>

### 11. Creditors: amounts falling due after more than one year

	2021 £	2020 £
Other creditors	–	7,311,333

Loans within other creditors are secured by fixed and floating charges over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, stock-in-trade, licences and patents.

### 12. Share-based payments

The company has an exit only share option scheme for certain employees. Options are exercisable at a price equal to the average market price of the company's shares on the date of grant.

Details of the number of share options and the weighted average exercise price (WAEP) during the year are as follows:

	2021 £	WAEP £	2020 £	WAEP £
Outstanding at 1 August 2020	7,500	17	8,750	18
Granted during the year	3,250	20	–	–
Cancelled during the year	–	–	(1,250)	21
Outstanding at 31 July 2021	<u>10,750</u>	18	<u>7,500</u>	17

As the share options are exit only, the vesting period is unknown and therefore no charge is made to profit and loss for the period.

# Proveca Limited

## Notes to the financial statements *(continued)*

### year ended 31st July 2021

#### 13. Called up share capital

##### Issued, called up and fully paid

	2021		2020	
	No.	£	No.	£
Ordinary shares of £0.001 each	130,815	131	130,815	131
B Ordinary shares of £0.001 each	10,000	10	10,000	10
C Ordinary shares of £0.001 each	1,400	1	1,400	1
D Ordinary shares of £0.001 each	112,686	113	112,686	113
E Ordinary shares of £0.0001 each	63,841	6	63,841	6
F Ordinary shares of £0.001 each	36,256	36	36,256	36
G Ordinary shares of £0.001 each	42,999	43	42,999	43
	<u>397,997</u>	<u>341</u>	<u>397,997</u>	<u>341</u>

The Ordinary, B Ordinary, C Ordinary, D Ordinary, E Ordinary shares, F Ordinary and G Ordinary shares have rights to participate to dividends and on a winding up.

The B Ordinary and C Ordinary shares do not hold any voting rights. The Ordinary shares have the right to attend and vote at a general meeting and the D Ordinary, E Ordinary shares, F Ordinary shares and G Ordinary shares have rights to one vote per share on a poll, unless a step-in event occurs upon which the holders shall have the right to 20 votes per share held.

#### 14. Reserves

Share premium account - This reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve - This reserve records the nominal value of shares repurchased by the company.

Profit and loss account - This reserve records retained earnings and accumulated losses.

#### 15. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2021	2020
	£	£
Not later than 1 year	116,820	-
Later than 1 year and not later than 5 years	197,702	-
	<u>314,522</u>	<u>-</u>

#### 16. Contingencies

There is a contingent liability of €600,000 payable to an unconnected third party in relation to the intangible asset acquired in the year. €350,000 is payable upon obtaining a PUMA license for the acquired drug formula and a further €250,000 is payable if the drug meets market success criteria. The directors have deemed this amount to be a contingent obligation due to the extent of further work required before an application for grant of license can be made and the uncertainties of achieving the grant and market success.

#### 17. Summary audit opinion

The auditor's report for the year dated 28-Mar-2022 was unqualified.

The senior statutory auditor was Kevin Hoult BA FCA, for and on behalf of Sagars Accountants Ltd.