

COMPANY REGISTRATION NUMBER: 08902419

Fospha Limited
Filleted Unaudited Financial Statements
31 December 2018



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Fospha Limited
Financial Statements
Year ended 31 December 2018

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Fospha Limited
Statement of Financial Position
31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	5	–	22,350
Tangible assets	6	<u>75,600</u>	<u>14,563</u>
		75,600	36,913
Current assets			
Debtors	7	651,826	493,529
Cash at bank and in hand		<u>168,943</u>	<u>39,288</u>
		820,769	532,817
Creditors: amounts falling due within one year	8	<u>4,057,499</u>	<u>2,570,110</u>
Net current liabilities		3,236,730	2,037,293
Total assets less current liabilities		(3,161,130)	(2,000,380)
Provisions			
Taxation including deferred tax		<u>12,768</u>	<u>821</u>
Net liabilities		(3,173,898)	(2,001,201)
Capital and reserves			
Called up share capital		1	1
Profit and loss account		<u>(3,173,899)</u>	<u>(2,001,202)</u>
Shareholders deficit		(3,173,898)	(2,001,201)

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 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 income and retained earnings has not been delivered.

For the year ending 31 December 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476;
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements.

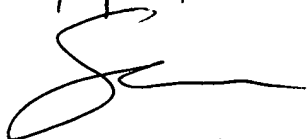
The statement of financial position
continues on the following page.
The notes on pages 3 to 9 form part of these financial statements.

Fospha Limited

Statement of Financial Position *(continued)*

31 December 2018

These financial statements were approved by the board of directors and authorised for issue on 31/12/2019 and are signed on behalf of the board by:



Mr S A L Carter
Director

Company registration number: 08902419

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

Fospa Limited

Notes to the Financial Statements

Year ended 31 December 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 1 Hammersmith Broadway, London, W6 9DL, United Kingdom.

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.

Research and development

Expenditure on research and development is charged to the profit and loss in the year in which it is incurred. Research and development tax credits are recognised on an accruals basis and are included within other debtors in current assets.

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. Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Revenue recognition

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.

Income tax

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.

Fospha Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Income tax *(continued)*

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.

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.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Intellectual property - 33% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

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.

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:

Equipment - 33% straight line

Fospha Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

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.

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

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 entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Going Concern

In preparing the accounts and reviewing the company's net liability position of £3,173,898 (2017: £2,001,201), the director has considered going concern. The ultimate parent undertaking and its shareholders have confirmed that they will continue to provide adequate financial support to the company for the foreseeable future to enable liabilities to be met as they fall due.

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.

Fospha Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Defined contribution plans *(continued)*

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 21 (2017: 12).

5. Intangible assets

	Intellectual Property £
Cost	
At 1 January 2018 and 31 December 2018	<u>179,199</u>
Amortisation	
At 1 January 2018	156,849
Charge for the year	<u>22,350</u>
At 31 December 2018	<u>179,199</u>
Carrying amount	
At 31 December 2018	<u>-</u>
At 31 December 2017	<u>22,350</u>

6. Tangible assets

	Equipment £	Total £
Cost		
At 1 January 2018	40,378	40,378
Additions	<u>75,062</u>	<u>75,062</u>
At 31 December 2018	<u>115,440</u>	<u>115,440</u>
Depreciation		
At 1 January 2018	25,815	25,815
Charge for the year	<u>14,025</u>	<u>14,025</u>
At 31 December 2018	<u>39,840</u>	<u>39,840</u>
Carrying amount		
At 31 December 2018	<u>75,600</u>	<u>75,600</u>
At 31 December 2017	<u>14,563</u>	<u>14,563</u>

Fospha Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

7. Debtors

	2018 £	2017 £
Trade debtors	238,776	246,660
Amounts owed by group undertakings and undertakings in which the company has a participating interest	14,092	8,049
Other debtors	398,958	238,820
	<u>651,826</u>	<u>493,529</u>

Within other debtors is corporation tax repayable of £181,815 (2017: £166,257) in respect of the company's research and development tax credit claim.

8. Creditors: amounts falling due within one year

	2018 £	2017 £
Trade creditors	95,627	97,283
Amounts owed to group undertakings and undertakings in which the company has a participating interest	3,673,943	2,167,905
Social security and other taxes	57,734	30,728
Other creditors	230,195	274,194
	<u>4,057,499</u>	<u>2,570,110</u>

Fospha Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

9. Share based payments

The company has share option schemes for senior employees where they are granted share options in the holding company. As all of the service is supplied to Fospha Limited, they incur the entire cost in its profit and loss and show the equivalent increase to equity as a capital contribution from its shareholder.

The directors believe the value of the services received is equal to the fair value of the share equity-settled options granted and therefore, is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The model assumes the government gilt rate at the time of issue as the risk free rate, and has used 40% as its volatility, which is similar to public companies undertaking comparable trades.

All share options can only be exercised to the extent it has been vested under their individual vesting schedule and before the tenth anniversary of its date of grant. There are no performance-related conditions of exercise applying to these options. A summary of the grant dates and vesting conditions for the equity-settled share options are as follows:

Grant date	No issued £	No. remaining £	Vesting conditions
2nd October 2017	24,597	24,597	25% annually from 01/12/2017
2nd October 2017	20,292	17,218	25% annually from 01/07/2018
2nd October 2017	4,099	4,099	25% annually from 18/09/2018
2nd October 2017	12,298	12,298	25% annually from 01/12/2018

No options were exercised during the period.

The total expense recognised in profit or loss for the period was £nil (2017: £nil).

The following table illustrates the number and weighted average exercise prices of, and movements in, share options during the year.

	2018 No.	2018 WAEP £	2017 No.	2017 WAEP £
Outstanding b/fwd	61,286	11.08	–	–
Forfeited during the period	3,075	10.14	–	–
Granted during the period	–	–	61,286	11.08
Outstanding c/fwd	<u>58,544</u>	<u>11.12</u>	<u>61,286</u>	<u>11.08</u>

10. Related party transactions

At the period end the company had trade debtors of £nil (2017: £46,008) and other debtors of £14,092 (2017: £8,049) due from group companies.

At the year end the company had formal loans of £3,673,943 (2017: £2,167,905) due to group companies.

At the period end the company had trade debtors of £214,724 (2017: £200,652) due from companies associated through common control and directorship.

At the period end the company had trade creditors of £49,819 (2017: £85,583) and other creditors of £36,600 (2017: £36,600) due to companies associated through common control and directorship.

Fospa Limited

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

11. Controlling party

The ultimate parent company at the balance sheet date was Fosjento Holdings Ltd. The registered office of Fosjento Holdings Ltd is 1 Hammersmith Broadway, London, United Kingdom, W6 9DL.