

PHAIM PHARMA LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022

PHAIM PHARMA LTD

CONTENTS

	Page
Balance sheet	1 - 2
Notes to the financial statements	3 - 9

PHAIM PHARMA LTD**BALANCE SHEET
AS AT 30 JUNE 2022**

	Note	2022 £	2021 £
Fixed assets			
Tangible assets	4	2,751	6,282
		<u>2,751</u>	<u>6,282</u>
Current assets			
Debtors: amounts falling due within one year	5	210,036	72,152
Cash at bank and in hand		48,042	493,104
		<u>258,078</u>	<u>565,256</u>
Creditors: amounts falling due within one year	6	(655,901)	(104,357)
Net current (liabilities)/assets		<u>(397,823)</u>	<u>460,899</u>
Total assets less current liabilities		<u>(395,072)</u>	<u>467,181</u>
Creditors: amounts falling due after more than one year		(7,292)	(9,792)
Net (liabilities)/assets		<u><u>(402,364)</u></u>	<u><u>457,389</u></u>
Capital and reserves			
Called up share capital	8	10,624	10,624
Share premium account		2,098,481	2,098,481
Other reserves		70,000	70,000
Profit and loss account		(2,581,469)	(1,721,716)
Total (deficit)/equity		<u><u>(402,364)</u></u>	<u><u>457,389</u></u>

PHAIM PHARMA LTD**BALANCE SHEET (CONTINUED)
AS AT 30 JUNE 2022**

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

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 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:

N T Daubeney
Director

Date: 27 July 2023

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

PHAIM PHARMA LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

1. General information

Phaim Pharma Ltd is a private company limited by shares incorporated in England and Wales. The address of its registered office is 16 Great Queen Street, London, England, WC2B 5AH.

The financial statements are presented in Sterling (£), which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

2.2 Going concern

The company has successfully completed preclinical studies and is now moving forward to clinical trials. The company's ability to perform such trials and continue as a going concern will depend on raising additional funds through the issue of share capital. While the success of this fund raising is inherently uncertain, based on the successful completion of pre-clinical tests and expressions of interest received to date, the directors have a valid expectation that sufficient funding can be secured. Accordingly, they continue to adopt the going concern assumption in the preparation of these financial statements.

Nonetheless, the absence of firm commitments in respect of this capital does give rise to a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern.

2.3 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

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.

2. Accounting policies (continued)

2.4 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the profit and loss account in the same period as the related expenditure.

2.5 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.6 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.8 Development costs

Development costs are written off as incurred.

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

2. Accounting policies (continued)

2.9 Tangible fixed assets (continued)

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

Depreciation is provided on the following basis:

Computer equipment	-	33%
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The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 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, 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.

Financial liabilities

Basic financial liabilities, including trade and other creditors, bank loans 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.

2. Accounting policies (continued)

Financial instruments (continued)

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.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2. Accounting policies (continued)

2.13 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 except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Employees

The average monthly number of employees, including directors, during the year was 6 (2021 - 6).

PHAIM PHARMA LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

4. Tangible fixed assets

	Computer equipment £
Cost	
At 1 July 2021	11,425
At 30 June 2022	11,425
Depreciation	
At 1 July 2021	5,143
Charge for the year on owned assets	3,531
At 30 June 2022	8,674
Net book value	
At 30 June 2022	2,751
At 30 June 2021	6,282

5. Debtors

	2022 £	2021 £
Other debtors	209,858	72,152
Prepayments and accrued income	178	-
	<u>210,036</u>	<u>72,152</u>

6. Creditors: Amounts falling due within one year

	2022 £	2021 £
Bank loans	2,500	2,500
Trade creditors	293,762	35,517
Other taxation and social security	4,841	14,694
Other creditors	333,808	26,224
Accruals and deferred income	20,990	25,422
	<u>655,901</u>	<u>104,357</u>

PHAIM PHARMA LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

7. Loans

Analysis of the maturity of loans is given below:

	2022 £	2021 £
Bank loans falling due within one year	2,500	2,500
Bank loans falling due 1-5 years	7,292	9,792
	<u>9,792</u>	<u>12,292</u>

Bank loans are guaranteed by the UK Government under the Bounce Back Loan Scheme.

8. Share capital

	2022 £	2021 £
Allotted, called up and fully paid		
9,500 (2021 - 9,500) A Ordinary shares of £1.00 each	9,500	9,500
1,124 (2021 - 1,124) B Ordinary shares of £1.00 each	1,124	1,124
	<u>10,624</u>	<u>10,624</u>

9. Related party transactions

Included within other creditors is an amount of £333,013 (2021: £4,013) owed to the directors of the company. The loan is provided unsecured, interest free and is repayable on demand.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.