



## **SYNTROPHARMA LIMITED**

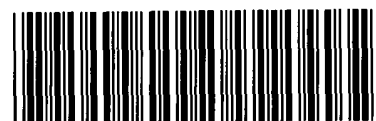
Report and Financial Statements

Year Ended

28 February 2017

Company Number SC279236

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# **SYNTROPHARMA LIMITED**

## **Directors' responsibilities statement For the Year Ended 28 February 2017**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 these financial statements, the directors are required to:

- select suitable accounting policies for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the 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 financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

# SYNTROPHARMA LIMITED

Registered number: SC279236

## Balance sheet As at 28 February 2017

	Note	28 February 2017 £	29 February 2016 £
<b>Fixed assets</b>			
Tangible assets	5	373	1,109
		<u>373</u>	<u>1,109</u>
<b>Current assets</b>			
Stocks	6	16,741	43,713
Debtors: amounts falling due within one year	7	45,008	8,728
Cash at bank and in hand	8	61,286	37,571
		<u>123,035</u>	<u>90,012</u>
Creditors: amounts falling due within one year	9	(451,688)	(364,559)
<b>Net current liabilities</b>		<u>(328,653)</u>	<u>(274,547)</u>
<b>Total assets less current liabilities</b>		<u>(328,280)</u>	<u>(273,438)</u>
<b>Net liabilities</b>		<u>(328,280)</u>	<u>(273,438)</u>
<b>Capital and reserves</b>			
Called up share capital		6	6
Share premium account		346,900	227,500
Profit and loss account		(675,186)	(500,944)
		<u>(328,280)</u>	<u>(273,438)</u>

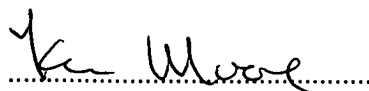
The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income 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 on

27 November 2017.



**P K Moore**  
Director

The notes on pages 4 to 12 form part of these financial statements.

# SYNTROPHARMA LIMITED

Registered number: SC279236

## Balance sheet (continued) As at 28 February 2017

### Statement of changes in equity For the Year Ended 28 February 2017

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 March 2015</b>	<b>6</b>	<b>-</b>	<b>(263,244)</b>	<b>(263,238)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(237,700)	(237,700)
Shares issued during the year	-	227,500	-	227,500
<b>At 28 February 2016</b>	<b>6</b>	<b>227,500</b>	<b>(500,944)</b>	<b>(273,438)</b>
<b>Comprehensive income for the year</b>				
Loss for the year	-	-	(174,242)	(174,242)
Shares issued during the year	-	119,400	-	119,400
<b>At 28 February 2017</b>	<b>6</b>	<b>346,900</b>	<b>(675,186)</b>	<b>(328,280)</b>

# SYNTROPHARMA LIMITED

## Notes to the financial statements For the Year Ended 28 February 2017

### 1. General information

Syntropharma Limited is a private company limited by shares, incorporated in Scotland with company number SC279236. The company's registered office is Excel House, 30 Semple Street, Edinburgh, EH3 8BL.

The principal activity of Syntropharma Limited is that of drug development, in particular, the development and commercialisation of transdermal patch applications of drugs used to treat Central Nervous System disorders.

No level of rounding has been applied in the preparation of these financial statements. The functional currency is GBP.

### 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 date of transition is 1 March 2015. See note 16 for the effect of first time adoption of FRS 102.

The following principal accounting policies have been applied:

#### 2.2 Going concern

The company made a loss of £174,242 (2016 - £237,700) in the current financial year and has net liabilities of £328,280 (2016 - £273,438). The ability of the company to continue as a going concern is dependent on the ability of the company to secure new customers for its products, securing approval to sell products in new countries or obtaining additional funding from shareholders as it becomes required. Furthermore, it is dependent upon the directors not seeking repayment of monies owed to them until such time which the company has sufficient funds to meet the liabilities. The directors have provided written confirmation to this effect.

At the year end, the company has been funded through capital injected by its shareholders and a loan provided by Scottish Enterprise. The company received additional funding from its existing shareholders during the year totalling £119,400 (2016 - £227,500), along with a share issue post year end raising £201,000 in capital. Should the company not meet its forecasts for the coming financial period it would need to generate further funds in excess of the capital raised post year end and there is no guarantee of this fundraising being successful. These conditions indicate a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern.

Since the year end the company has continued to develop sales and the directors remain confident regarding the company's prospects and are in discussions with a number of parties regarding licencing of their various products in a number of international markets. Sales are increasing and are projected to deliver cash self-sustainment for the business during 2017-18. The directors therefore consider it appropriate to prepare the financial statements on a going concern basis.

The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

# SYNTROPHARMA LIMITED

## Notes to the financial statements For the Year Ended 28 February 2017

### 2. Accounting policies (continued)

#### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 2.4 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.

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:

Office equipment	-	25% straight line
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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 the statement of comprehensive income.

#### 2.5 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### 2.6 Debtors

Short term debtors are measured at transaction price, less any impairment.

# SYNTROPHARMA LIMITED

## Notes to the financial statements For the Year Ended 28 February 2017

### 2. Accounting policies (continued)

#### 2.7 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.

#### 2.8 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are 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 statement of comprehensive income.

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

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.

#### 2.9 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

#### 2.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

#### 2.11 Operating leases

Rentals paid under operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

# SYNTROPHARMA LIMITED

## Notes to the financial statements For the Year Ended 28 February 2017

### 2. Accounting policies (continued)

#### 2.12 Interest income

Interest income is recognised in the statement of comprehensive income using the effective interest method.

#### 2.13 Taxation

Tax is recognised in the statement of comprehensive income, 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.

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.

#### 2.14 Research and development

Research and development expenditure includes amounts paid to third parties in relation to relevant activities and services as well as milestone and other payments for the acquisition of patents, technologies and other intellectual property. Relevant staff costs and direct and indirect overheads incurred in relation to research and development activities are also included.

Expenditure on in house research and patents is written off as incurred. Development expenditure, including acquired product rights, is also written off, except where the directors are satisfied as to the technical, commercial and financial viability of individual projects including receipt of relevant regulatory approvals.

Expenditure on in-licensed technologies is reviewed on a consistent basis with other research and development expenditure and in-licensed costs which have uncertain future revenue are expensed as incurred.

All development expenditure to date has been written off. Where future development expenditure is considered suitable for capitalisation, the identifiable costs will be deferred and amortised over the period during which the company is expected to benefit and provision will be made for any impairment.

The costs of funding research are accounted for as incurred.

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

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

### 4. Employees

The average monthly number of employees, including directors, during the year was 5 (2016 - 5)



# SYNTROPHARMA LIMITED

## Notes to the financial statements For the Year Ended 28 February 2017

### 5. Tangible fixed assets

	Office equipment £
<b>Cost</b>	
At 1 March 2016	11,608
At 28 February 2017	11,608
<b>Depreciation</b>	
At 1 March 2016	10,499
Charge for the year on owned assets	736
At 28 February 2017	11,235
<b>Net book value</b>	
At 28 February 2017	373
At 29 February 2016	1,109

### 6. Stocks

	28 February 2017 £	29 February 2016 £
Stock held for sale	16,741	43,713
	16,741	43,713

### 7. Debtors

	28 February 2017 £	29 February 2016 £
Trade debtors	9,233	1,056
Other debtors	4,466	5,230
Prepayments and accrued income	9,173	2,442
Tax recoverable	22,136	-
	45,008	8,728

# SYNTROPHARMA LIMITED

## Notes to the financial statements For the Year Ended 28 February 2017

### 8. Cash and cash equivalents

	28 February 2017 £	29 February 2016 £
Cash at bank and in hand	61,286	37,571
	<u>61,286</u>	<u>37,571</u>

### 9. Creditors: Amounts falling due within one year

	28 February 2017 £	29 February 2016 £
Other loans	22,102	36,588
Trade creditors	300,804	246,188
Other taxation and social security	3,483	3,246
Other creditors	67,542	59,950
Accruals and deferred income	57,757	18,587
	<u>451,688</u>	<u>364,559</u>

# SYNTROPHARMA LIMITED

## Notes to the financial statements For the Year Ended 28 February 2017

### 10. Share capital

On 28 June 2016, 1,194 Ordinary shares of £0.0001 were issued for £100 cash amount per Ordinary share.

	28 February 2017 £	29 February 2016 £
<b>Shares classified as equity</b>		
<b>Allotted, called up and fully paid</b>		
58,584 (2016 - 57,390) Ordinary shares of £0.0001 each	<u>6</u>	<u>6</u>

#### Executive Option Scheme

The executive option scheme was applicable to 3 directors. On 1 August 2008, 24,104 options were granted at an exercise price of £0.0001 per share. These options have not been exercised and expired on 1 August 2011. On 19 July 2012, 4,600 options were granted at an exercise price of £0.0001 per share. These options will expire on 19 July 2017.

One employee has the right to purchase 698 ordinary shares at a price of £62.40 per share. The option was granted on 1 August 2008 and will expire on 1 August 2018. No performance conditions are attached to this scheme. No charge has been recorded for Executive Option Scheme share options granted due to their value being immaterial.

#### EMI share options

The options applied to two individuals. 2,558 options with an exercise price of £0.0001 per share were granted on 1 August 2008. The remaining option will expire on 1 August 2018 and can be exercised at any point. There are no performance conditions attached to these options. No charge has been recorded for EMI share options granted due to their value being immaterial.

### 11. Reserves

#### Share premium account

The share premium account represents the accumulated excess amount paid for ordinary shares over their nominal value.

#### Profit and loss account

The profit and loss account represents the accumulated profits and losses on the activities of the company.

# SYNTROPHARMA LIMITED

## Notes to the financial statements For the Year Ended 28 February 2017

### 12. Commitments under operating leases

At 28 February 2017 the company had future minimum lease payments under non-cancellable operating leases as follows:

	28 February 2017 £	29 February 2016 £
Not later than 1 year	4,059	2,706
Later than 1 year and not later than 5 years	2,706	-
	<u>6,765</u>	<u>2,706</u>

### 13. Related party transactions

During the year, fees totalling £34,387 (2016 - £12,600) and £28,668 (2016 - £10,000) were invoiced by JGS Associates (Scotland) Limited and Business Therapies Limited, companies controlled by I J G Scott and P K Moore respectively, for services provided as non executive directors. Included within trade creditors are amounts of £127,857 (2016 - £93,470) and £117,406 (2016 - £88,738) due to JGS Associates (Scotland) Limited and Business Therapies Limited.

Included within trade creditors is an amount of £41,760 (2016 - £41,760) due to Kinesys Consulting Limited, a company controlled by a former non executive director. No amounts were invoiced during the year.

Included within other creditors are amounts of £58,534 (2016 - £58,626) payable to A Gardiner, a director of the company.

Included within other creditors are amounts of £20,000 (2016 - £58,626) payable to S Mery, a non executive director of the company. No amounts were invoiced during the year.

### 14. Post balance sheet events

In the period since the balance sheet date, 2,010 £0.0001 Ordinary shares have been issued at a price of £100 per share, generating £201,000.

### 15. Controlling party

In the opinion of the board of directors and by virtue of their respective shareholdings, there is no one individual party that exercises control of the company.

### 16. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.

# **SYNTROPHARMA LIMITED**

## **Notes to the financial statements For the Year Ended 28 February 2017**

### **17. Auditor's information**

An audit of the company's financial statements was carried out by BDO LLP as statutory auditor who reported to the company's members on 27 November 2017. The auditor's report was signed by Martin Gill as senior statutory auditor and was unqualified. It contained an emphasis of matter that read as follows:

"In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.2 to the financial statements concerning the company's ability to continue as a going concern. Should the company not meet its forecasts for the coming financial period it would need to generate further funding and there is currently no guarantee of this fundraising being successful. These conditions, along with the other matters explained in note 2.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern."