

Registered No. 03411377

G Pharma Limited

Report and Financial Statements

31 January 2018

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29/06/2018
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Company information

Directors

S W Anderson (appointed 1 October 2017)

K J Black (appointed 1 February 2018)

K R Hudson

P J Smith (resigned 1 October 2017)

Secretary

M P Blakeman

Auditors

Ernst & Young LLP

2 St Peter's Square

Manchester

M2 3EY

Registered Office

Rivington Road

Whitehouse Industrial Estate

Runcorn

Cheshire

WA7 3DJ

Directors' report

Registered No. 03411377

The directors present their report for the year ended 31 January 2018.

Directors

The directors who held office during the year were as follows:

SW Anderson (appointed 1 October 2017)

KJ Black (appointed 1 February 2018)

K R Hudson

P J Smith (resigned 1 October 2017)

Principal activities

The principal activity of the Company is the holding of licences which facilitate the importation of pharmaceutical products. Income is derived from a management fee to companies which import products under these licences.

Business review

Turnover for the year ended 31 January 2018 was £275,000 (2017: £192,000). Turnover is based on the volume of units produced for sale. It is difficult to predict licence usage in the forthcoming period, as this will depend partly on foreign currency exchange rates and the availability of product in the market.

The Company has invested in its current portfolio of licences and this is reflected in the cost of sales of £383,000 (2017: £284,000).

Key risks and uncertainties

The Company operates in a highly regulated market, and significant changes to those regulations, whether directly impacting the Company or our customers, may have a significant impact on the business, adverse or otherwise.

Financial risk management policies

The directors have reviewed the financial risk management objectives and policies of the Company. The Company does not as a regular policy enter into hedging instruments, as there is not believed to be any material exposure. It also does not enter into any speculative financial instruments. Appropriate trade terms are negotiated with suppliers and customers and management review these terms and the relationships with suppliers and customers and manage any exposure on normal trade terms.

Dividends

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

Future developments

The Company intends to continue to operate as a licence holder to facilitate the importation of pharmaceutical products.

Directors' report (continued)

Employees

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings and the Company magazine. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Going concern

The Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements. Refer to note 2 for details.

Directors' liabilities

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Disclosure of information to the auditors

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

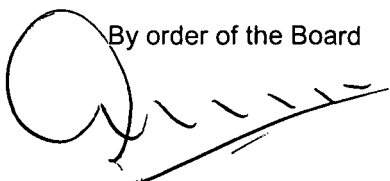
Small company exemptions

This director's report has been prepared in accordance with the special provisions of part 15 of the Companies Act 2006 relating to small Companies including exemption provided by section 414B of the Companies Act 2006 not to provide a Strategic report.

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



M P Blakeman
Company Secretary
28 March 2018

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Independent auditor's report

to the members of G Pharma Limited

We have audited the financial statements of G Pharma Limited for the year ended 31 January 2018 which comprise the Income Statement, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 12 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 101 "Reduced Disclosure Framework."

In our opinion, the financial statements:

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

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.

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.

Independent auditor's report

to the members of G Pharma Limited (continued)

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 this 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 the 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.
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Independent auditor's report

to the members of G Pharma Limited (continued)

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 <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Ernst & Young LLP

Victoria Venning (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

Manchester

28 March 2018

Income statement

for the year ended 31 January 2018

	Notes	2018 £000	2017 £000
Turnover	3	275	192
Cost of sales		<u>(383)</u>	<u>(284)</u>
Gross loss		(108)	(92)
Administrative expenses		<u>(17)</u>	<u>(17)</u>
Operating loss and loss on ordinary activities before taxation		(125)	(109)
Tax credit	6	<u>24</u>	<u>22</u>
Loss for the financial year	10	<u><u>(101)</u></u>	<u><u>(87)</u></u>

All activities are derived from continuing operations.

Statement of comprehensive income

for the year ended 31 January 2018

	Notes	2018 £000	2017 £000
Loss for the financial year and total comprehensive loss for the year	10	<u><u>(101)</u></u>	<u><u>(87)</u></u>

Balance sheet

at 31 January 2018

	Notes	2018 £000	2017 £000
Current assets			
Trade and other debtors	7	<u>40</u>	<u>60</u>
Creditors: amounts falling due within one year			
Amounts owed to group undertakings	8	(2,202)	(2,117)
Other creditors, accruals and deferred income		<u>(1)</u>	<u>(5)</u>
		<u>(2,203)</u>	<u>(2,122)</u>
Net current liabilities		<u>(2,163)</u>	<u>(2,062)</u>
Total assets less current liabilities, being net liabilities		<u>(2,163)</u>	<u>(2,062)</u>
Capital and reserves			
Called up share capital	9	-	-
Retained earnings		<u>(2,163)</u>	<u>(2,062)</u>
Total equity		<u>(2,163)</u>	<u>(2,062)</u>

The financial statements were approved by the board of directors and authorised for issue on 28 March 2018.



K R Hudson

Director

Registered no: 03411377

Statement of changes in equity

at 31 January 2018

	<i>Note</i>	<i>Share capital</i>	<i>Retained earnings</i>	<i>Total equity</i>
		£000	£000	£000
At 1 February 2017		-	(2,062)	(2,062)
Loss for the year and total comprehensive loss for the year		-	(101)	(101)
At 31 January 2018		-	(2,163)	(2,163)

Notes to the financial statements

at 31 January 2018

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of G Pharma Limited for the year ended 31 January 2018 were authorised for issue by the board of directors on 28 March 2018. G Pharma Limited is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except where otherwise indicated.

The Company has taken advantage of the exemption under s400 of the Companies Act 2006 not to prepare group accounts as it is a wholly owned subsidiary of PHOENIX Pharma SE. Accordingly, these financial statements are individual entity financial statements.

The results of G Pharma Limited are included in the consolidated financial statements of PHOENIX Pharma SE which are available from Pfingstweidstrasse 10-12, 68199 Mannheim, Germany.

The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 January 2018.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- (a) the requirements of IFRS 7 Financial Instruments: Disclosures;
- (b) the requirements of paragraphs 91 – 99 of IFRS 13 Fair Value Measurement;
- (c) the requirements of IAS 7 Statement of Cash Flows;
- (d) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (e) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member ; and
- (f) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*;
- (g) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1;
 - (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*;
 - (iii) paragraph 118(e) of IAS 38 *Intangible Assets*; and
- (h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Notes to the financial statements

at 31 January 2018

2. Accounting policies (continued)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.3 Going concern

The directors, having assessed the responses of the directors of the Company's intermediate parent Phoenix Medical Supplies Limited to their enquiries, have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of the Phoenix Medical Supplies group to continue as a going concern or its ability to continue with the current financing arrangements. Details of their considerations are set out in the basis of preparation note of Phoenix Medical Supplies Limited statutory accounts for the year ended 31 January 2018.

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of Phoenix Medical Supplies Limited, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The directors have received confirmation from the intermediate parent company, Phoenix Medical Supplies Limited, that it will make available for at least a period of twelve months from the date of signing these financial statements, the necessary funds required in order to enable the Company to meet its liabilities.

2.4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date 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.

Management do not believe there are key assumptions or judgements that have a material effect on the carrying amounts of assets and liabilities recognised at the balance sheet date.

2.5 Significant accounting policies

Trade and other debtors

Trade and other debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. Provision for impairment is made through profit or loss when there is objective evidence that the Company will not be able to recover balances in full. Balances are written off when the probability of recovery is assessed as being remote.

Cash at bank and in hand

Cash comprises cash at banks and in hand and short term deposits with an original maturity of three months or less.

Notes to the financial statements

at 31 January 2018

2. Accounting policies (continued)

2.5 Significant accounting policies (continued)

Revenue recognition

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 at the fair value of the consideration received, excluding discounts, rebates, value added tax and other sales taxes.

Income taxes

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

The Company is part of a UK group and accordingly may utilise the group relief provisions whereby current taxable profits can be offset by current tax losses arising in other group companies in the UK. The group has a policy that payment is made or received for tax losses received from, or surrendered to, other group companies.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences, carried forward tax credits or tax losses can be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

3. Turnover

The Company's turnover and results were derived wholly from the Company's principal activity which is based solely in the United Kingdom.

4. Auditor's remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements.

	2018	2017
	£000	£000
Audit of the financial statements	<u>1</u>	<u>1</u>

There were no non-audit fees paid to the auditors in either year.

Notes to the financial statements

at 31 January 2018

5. Directors' remuneration

The directors who served during the year are also directors of the intermediate holding company, Phoenix Medical Supplies Limited, and are remunerated by that company. Although they do receive remuneration from Phoenix Medical Supplies Limited in respect of their services to various group companies including this Company, it is not practicable to allocate their remuneration to individual companies in the group. Therefore their remuneration has been disclosed in the accounts of Phoenix Medical Supplies Limited.

6. Taxation

(a) Tax credited in the income statement

	2018 £000	2017 £000
Current income tax:		
UK corporation tax	(24)	(22)
Tax credit in the profit and loss account	<u>(24)</u>	<u>(22)</u>

(b) Tax relating to items charged or credited to other comprehensive income

There is no tax charged or credited in respect of items of other comprehensive income (2017: £nil).

(c) Reconciliation of the total tax charge

The tax expense in the income statement for the year is in line with the standard rate of corporation tax in the UK of 19.17% (2017:20.00%) as follows:

	2018 £000	2017 £000
Loss on ordinary activities before tax	<u>(125)</u>	<u>(109)</u>
Tax calculated at UK standard rate of corporation tax of 19.17% (2017: 20.00%)	<u>(24)</u>	<u>(22)</u>
Total tax credit reported in the income statement	<u>(24)</u>	<u>(22)</u>

Notes to the financial statements

at 31 January 2018

6. Taxation (continued)

(d) Change in Corporation Tax rate

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 19.17% (2017: 20.00%). A further reduction in the main rate of corporation tax from 19% to 17% from 1 April 2020 was announced in the Summer Finance Bill 2016, which was substantively enacted on 6 September 2016. As such, in accordance with accounting standards, these changes have been reflected in the company's financial statements as at 31 January 2018. Future profits will be taxed at the appropriate rate.

Any deferred tax expected to reverse in future years has been measured using the rates substantively enacted at 31 January 2018.

(e) Deferred tax

The company does not have any deferred tax balances included in the balance sheet.

7. Trade and other debtors

	2018 £000	2017 £000
Other debtors	-	5
Amounts due from group undertakings	17	33
UK Corporation tax	6	5
Prepayments and accrued income	17	17
	<u>40</u>	<u>60</u>

8. Creditors: amounts falling due within one year

The amounts owed to group undertakings are repayable on demand. The balance consists £2,202,000 (2017: £2,117,000) due to trading balances with group companies that are fellow subsidiaries.

9. Authorised and issued share capital

	2018 £	2017 £
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Notes to the financial statements

at 31 January 2018

10. Reserves

	<i>Retained earnings £000</i>
At 1 February 2017	(2,062)
Loss for the year	(101)
At 31 January 2018	<u>(2,163)</u>

Of the total reserves shown in the balance sheet, only retained earnings is regarded as distributable.

11. Net current liabilities

Under section 123 of the Insolvency Act 1986 a creditor of the Company could petition for it to be wound up on the grounds that it has net current liabilities of £2,163,000 (2017: £2,062,000). However, in the opinion of the directors, no adjustments are required to the financial statements, which have been drawn up on a going concern basis, because the intermediate parent company, Phoenix Medical Supplies Limited, has undertaken to provide such financial support as necessary to enable the Company to meet its liabilities as they fall due.

12. Ultimate parent undertaking and controlling party

The immediate parent company is Phoenix Healthcare Distribution Limited. The ultimate parent company and controlling party is PHOENIX Pharma SE, a company incorporated in Germany. Its principal place of business is Pfingstweidstrasse 10-12, 68199 Mannheim, Germany.

The largest and smallest group of undertakings, for which group financial statements have been drawn up, is that headed by PHOENIX Pharma SE, which prepares consolidated financial statements that are available to the public from the aforementioned address.