Company Registration No: 01508287 (England and Wales)

FERRING LABORATORIES LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

FERRING LABORATORIES LIMITED

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FERRING LABORATORIES LIMITED

DIRECTORS AND PRINCIPAL ADVISERS

Directors	F C Lindenmann C L McDaniel
Company secretary	D A Benoit
Registered Number	01508287
Registered Office	Drayton Hall Church Road West Drayton Middlesex UB7 7PS United Kingdom
Auditor	Deloitte LLP Abbots House Abbey Street Reading Berkshire RG1 3BD United Kingdom
Principal Bankers	HSBC Bank Plc Apex Plaza Reading Berkshire RG1 1AX United Kingdom

FERRING LABORATORIES LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Director's presents the strategic report and consolidated financial statements for the year ended 31 December 2022.

Principal activities and strategic direction
Ferring Laboratories Limited ('the group') is part of Ferring Group which is an international biopharmaceutical group dedicated to the development of innovative treatments that make a real difference to people's lives all over the world. The research and development programmes of the group focus on the internal development of first-in-class therapeutics peptides and proteins, together with collaborations with external partners - this provides the basis for introducing new products and drug delivery systems. In the UK, the group focuses on the research, development, sales and marketing of products in the gastroenterology, urology, reproductive health, men's health and endocrinology therapy areas. The success of both current and planned products within these therapy areas lies at the core of the group's strategic direction, within a framework of values called the Ferring Philosophy.
During the year, the group continued its principal activities which are the development, manufacture, sales and marketing of pharmaceutical products. The group's operations are based in the UK.

Going concern
The group meets its day-to-day working capital requirements through its cash reserves and intercompany borrowings. The group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that should be able to operate within the level of its current facilities. After making enquiries and considering the financial support letter in place from Ferring B.V. the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its financial statements.

Review of the business
The group has two operating businesses, one in sales and marketing and one in manufacturing. Combined revenue for the businesses was £79.1m (2021: £77.6m). The increase in revenue was mainly due to the sales and marketing business and was partially offset by the manufacturing business. The sales and marketing company activity is stabilizing, and we verified a decrease in sales volumes compared with the previous year resulting in a decrease in revenue to £49.8m (2021: £60.1m). The manufacturing company within the group operates under a contract manufacturing agreement with Ferring International Centre SA and volumes have increased resulting in revenues of £29.3m (2021: £17.5m). The increase is mainly due to the increase in sales of Rekovelle units (+42% YoY) as well as the launch of Menopur. Together with an overall increase in unit sales price.

Operating expenses are continuing to be managed within the parameters set by Group to support the future needs of the business.

Principal risks and uncertainties
The group operates in a relatively highly regulated industry due to the nature of its products. There is a cost associated with complying with pharmaceutical regulations and this compliance cost is at risk of increasing depending on the regulations in place at any point in time.

The group's most important customers are NHS organisations and healthcare practitioners (including some operating in private fertility clinics). There is a risk that changes to the group's customer base could affect the prescribing of its products and so it is important that the group continues to develop its customer relationships and product portfolio.

Given that the group supplies pharmaceutical medicines, there is a risk that its products may experience adverse drug reports or supply problems (due to the very high specifications to which they are manufactured). If these risks materialise they could significantly affect turnover.

Following Brexit as the UK left the EU, the group was indirectly affected through its investment companies, with movement of goods which had to be custom cleared. However, the impact was minimal and the group still continues to operate normally.

Financial risk management
The financial risk management of the group is managed by the group's operating companies. These operating companies are exposed to financial risk through their financial assets and liabilities. The director considers the most relevant components of financial risk for the group are: credit risk, liquidity risk, currency risk and price risk. These risks are as follows:

- Credit risk: credit control procedures are in place and considered sufficient to recover trade debtors.
- Liquidity risk: the company participates in a cash pool operated by the Ferring Group. All funds are transferred to the cash pool periodically. The risk is minimised as surplus funds are transferred to or from the group cash pool.
- Currency risk: this is negligible as it is the group policy to invoice in the debtor company's home currency and export sales are minimal.
- Price risk: In terms of the group's UK sales and marketing activities, selling prices are known with some certainty in terms of medicines due to the operation of the Voluntary scheme for branded medicines pricing and access, in which the company participates, although this scheme is subject to change from time to time and most of the company's products are subject to some price discounting. In terms of the groups manufacturing activities, there is no short-term price risk as the production is governed by a contract manufacturing agreement within the Ferring global group.

Key performance indicators
The groups financial KPI's are sales performance versus budget/plan and control of actual operating expenses versus budget. These are used to monitor current performance and as part of longer range business planning. KPI performance was as follows:

Sales and marketing business:

- Sales were 4.1% less than budget. Mainly Caused by higher-than-expected VPAS rate (19.1% vs 14% in the Budget) and lower sales than planned for Menopur and Pentasa. vs 2021, our Sales are down by 10% due to higher VPAS (19.1% in 2022 vs 5.1% in 2021).
- Operating expenses were 4.4% below budget. A big underspend on planned medical activities partially offset with costs for Sales Force restructuring. vs 2021, our Opex have increased as our activities were still impacted by Covid.

Manufacturing business:

- Sales were 7.7% below budget.
- Operating expenses were 18% below budget mainly due to changes in research and development project spend and cash containment measures. Development Expenses are dependent on which projects are being progressed during the year, in 2022 there was a change in focus and one specific project (QVR) was cancelled, this impacted the spend for Development. Also, due to global cash containment instructions, all recruitment, travel, and training was strictly managed during the year.

These KPIs are used to monitor both current performance and as part of a longer-range business planning which looks at a five-year time horizon.

Financial position
As at the end of the financial year, the group had net liabilities of £10m compared with net liabilities of £11.3m for the previous year. The trading companies within the group continue to generate operating profits and maintain positive cash balances. The group had no third-party borrowings during or at the year end of 2022 (2021: £nil).

Statement of Director's Duties to stakeholders (Section 172 Statement)
The Directors of the group have a duty to promote the success of the group. A director of the group must act in a way he/she considers, in good faith to promote the success of the group for the benefit of its members as a whole and to other stakeholders. The Directors have identified the following stakeholders in addition to the members of the group which the board consider when making strategic decisions:

- Employees of the group
- Patients who are the end users of Ferring products
- Physicians who prescribe Ferring products
- Suppliers
- Local Communities and the environment
- Regulator

The director is committed to developing and maintaining a governance framework that is appropriate to the business and supports effective decision making coupled with robust oversight of risk and internal controls.

The director is also committed to maintaining a reputation for high standards of business conduct through continual review and adoption of governance best practice.

Engagement with employees
The Ferring Philosophy permeates throughout the worldwide Ferring group and forms a central part to the group's interactions with its employees. As a group we strive to set that tone with five simple words: 'People come first at Ferring'.

We want people to be able to see the connection between our values, the Ferring Philosophy, and their jobs. The values part is about keeping the philosophy alive every day: People Come First at Ferring means that we're looking out for our patients, payers, physicians and employees. We must maintain those fundamental values even more as we develop a performance-driven culture. Ultimately, we want people to be passionate about their work. We need to support our employees so that they can feel a true sense of purpose. We have strong foundations in the philosophy – we must continue to build on them.

A Business Process Re-engineering was undertaken during the year which resulted in job losses. The board considered the long-term benefits for all stakeholders and from an employee perspective took the strategic decision to proceed on the basis that it would provide a sustainable future on which future growth can be built. The board felt that by making this decision, longer term returns to shareholders would be enhanced as would reward and recognition for employees together with sustainability.

Patient outcomes and direct customers
Patients using our products and physicians prescribing them have a right to expect that:

- we will only make available those products in which we have full confidence;
- we will offer the best possible products at the most reasonable cost;
- Ferring's employees will always display courtesy and respect, and act professionally.

Ferring seeks the loyalty of these patients and physicians, and we are prepared to earn this loyalty anew every day.

We assign a dedicated employee to each of our direct customers to ensure that Ferring understand and are meeting their needs. As a board, we consistently monitor the market as well as advances in the pharmaceutical industry to ensure that the group is able to respond to our customers' needs in both the short and long term.

Suppliers
The group foster strong business relationships with suppliers by investing time and energy and having a relationship built on trust, reliability and where terms are agreed and honored.

Members
The UK business has a close working relationship with its parent entity and the wider Ferring group, which provides a key strand of the group's strategy and philosophy. The board consider when making decisions the impact on members as well as other stakeholders mentioned in this report as well as with regard to UK legislation.

Community and environment
We operate in a world with finite resources and must support a society with multiple challenges and inequalities. This demands a business driven by core values and motivated by its contribution to society. We have the firm foundations of our Ferring Philosophy at the heart of who we are, and corporate social responsibility is an integral part of that identity. The group supports employees with local initiatives both with time and the matching of fundraising. The group recognizes its impact on the environment and during 2018 Ferring UK installed 6 hybrid/electric car charging points at our West Drayton head office. Additionally, we made hybrid cars an option on the company car list.

Future developments
The group intends to continue its current activities in the development, manufacture sales and marketing of pharmaceutical products. The future sales outlook for the group is likely to be challenging as competitive pressures and customer expectation increase. However, the group is optimistic that it can meet these challenges and continue to provide products which are valued in the therapeutic areas in which it operates.

Research and development
In addition to the Ferring global group carrying out research and development activities in the UK, the group itself invests in the development of pharmaceutical products based on patented drug delivery technologies.

Approved for issue on behalf of the board of directors.

Frank Lindenmann
Frank Lindenmann (Feb 23, 2024 14:47 GMT+1)

F C Lindenmann
Director

Date: 23 February 2024

FERRING LABORATORIES LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors present the report and the audited consolidated financial statements for the year ended 31 December 2022.

Results and dividends

The results for the year are set out on page 16.

The directors do not recommend payment of a final dividend (2021: £nil).

Board of Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr P Wilden	(Resigned 18 May 2022)
F C Lindenmann	(Appointed 18 May 2022)
C L McDaniel	(Appointed 18 May 2022)
R Cretegny	(Resigned 1 August 2022)

Directors' Indemnities
The company has made qualifying third party indemnity provisions for the benefits of its directors which were made during the year and remain in force at the date of this report.

Donations	**2022**	**2021**
	£	**£**
During the year the group made the following contributions:		
Charitable	300,000	57,500

Donations were given to various charities including those involved in ecological research, preservation and education. The largest charitable donations were as follows:

	2022	**2021**
	£	**£**
The Pushkin Trust	0	25,000
Crohn's & Colitis UK	0	30,000
Northern Fertility	0	2,000
GP Federation	0	500
Newcastle Fertility	100,000	0
CRGW Limited	100,000	0
Complete Fertility	100,000	0

Employment policies

All group companies follow the 'Ferring Philosophy' which means 'People come first at Ferring'. Employees are kept informed of the aims, objectives, activities and financial performance of the Group and they are encouraged to take a wider interest in its affairs.

The health and safety of employees is very important to the Group. Safety awareness is promoted in the Group working environment and is reviewed in light of good practise and developing legislation.

Ferring is an equal opportunities employer and is committed to maintaining a working culture which enables all employees to make their own distinctive contribution. Employment policies are designed to be fair and equitable, and to be consistent with the abilities of employees and the needs of the Group.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Strategic report

The Directors have chosen in accordance with section 414C(11) of the Companies Act 2006 to include in the Strategic Report matters otherwise required to be disclosed in the directors' report as the director considers these are of strategic importance to the Group. These include financial risk management, future developments and research and development, engagement with employees and engagement with suppliers, customer and others.

Streamlined Energy & Carbon Reporting

Following the introduction of new Streamlined Energy and Carbon Reporting framework, the directors present their report on the performance of the group below:

As Ferring Laboratories Limited (Ferring) is classified as a large unquoted company under the definitions set in Section 465 and 466, Chapter 15 of Companies Act 2006, it needs to comply with the government legislation implemented by The Companies (directors' report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 ("the 2018 Regulations") on Streamlined Energy and Carbon Reporting (SECR).

Ferring Laboratories Limited comprises two entities Ferring Pharmaceuticals Limited and Ferring Controlled Therapeutics Limited. Only Ferring Pharmaceuticals Limited is classed as a large UK company, and so for the purposes of energy and carbon reporting, the energy and carbon emissions associated with Ferring Controlled Therapeutics Limited, do not need to be included in the directors' report. Despite that, FCT total energy consumption and associated greenhouse gas emissions for 2022 were 738.2 $tCO2$.

To fulfil this, we have measured our UK energy and greenhouse gas emissions as classified within Scope 1 and Scope 2 of the Streamlined Energy and Carbon Reporting (SECR) regulations, which are presented in tables 1 and 2 as these are material to our organisation's activities.

Organisational and operational boundaries of the group

Ferring's structural and operational boundaries are the same. Ferring operates from one site in the UK:

- Drayton Hall, Church Road, West Drayton, Middlesex, UB7 7PS

Environmental Performance
Ferring decided to follow and adapt, for SECR reporting, a widely recognised Greenhouse Gas Reporting Protocol – Corporate Standard methodology. As of 31 December 2022, the company's energy usage and associated carbon emissions for the year 1 January to 31 December 2022 were as follows:

Table 1: Total energy consumption and associated greenhouse gas emissions from Scope 1, 2 and 3

Energy Type:		Reporting Period 2022			
		Energy Use (kWh)	**% Split (kWh)**	**Emissions (tCO_2e/yr.)**	**% Split (tCO_2e)**
Combustion of Gas	(Scope 1)	167,834	25.6%	43.1	25.5%
Electricity	(Scope 2)	343,560	52.3%	88.3	52.3%
Transport	(Scope 3)	145,456	22.1%	37.4	22.1%
Total	**(Scope 1, 2 and 3)**	**656,850**	**100%**	**168.8**	**100%**

Energy Type:		Reporting Period 2021			
		Energy Use (kWh)	**% Split (kWh)**	**Emissions (tCO_2e/yr.)**	**% Split (tCO_2e)**
Combustion of Gas	(Scope 1)	193,643	28.5%	35.6	23.4%
Electricity	(Scope 2)	288,511	42.4%	67.3	44.1%
Transport	(Scope 3)	197,799	29.1%	49.5	32.5%
Total	**(Scope 1, 2 and 3)**	**679,953**	**100%**	**152.4**	**100%**

Note: Columns may not always add up due to rounding of numbers.

Intensity ratio

Intensity ratios compare emissions data with an appropriate business metric or financial indicator. This allows a comparison of energy efficiency performance over time and with other similar types of organisations. Ferring has chosen to compare overall energy consumption and associated GHG emissions with both energy consumption and carbon emissions against annual turnover and the number of full-time employees for the reporting period.

In calculating the intensity ratio, we have used the turnover and full-time employees for Ferring Laboratories Limited which will give a lower intensity ratio compared to using the equivalent figures for Ferring Pharmaceuticals Limited.

Table 2 Intensity Ratio - Energy consumption and associated GHG emissions per the annual turnover

Reporting Year	Total Energy Consumption (kWh)	Total GHG emissions (tCO_2e)	Annual turnover (£)	**Intensity Ratio (kWh/ £100,000 of turnover)**	**Intensity Ratio (tCO_2e/ £100,000 of turnover)**
2022	656,850	168.78	£79,057,695	**830.85**	**0.213**
2021	679,953	152.4	£60,113,120	**1,131.1**	**0.254**

Energy intensity ratios are calculated and presented as advised by the Department of Business Energy and Industry Strategy (BEIS) recommendations.

Energy Efficiency Actions

The company actively supports and promotes the electrification of vehicles for business travel and has installed electric vehicle charging points at the company car park and encourages employees to use plug-in hybrid and electric vehicles.

Further, as a consequence of increased home working and reduced business travel Ferring's carbon emissions are likely to be lower than in previous years. Ferring will consider what actions it is able to carry out on a continuous basis.

Methodology

The methodology used for determining energy and carbon emissions comes from a number of sources of GHG emissions:

- Natural gas used for building space heating (Scope 1)
- Electricity used for lighting, heating, ventilation and air conditioning (HVAC), and the operation of office equipment (Scope 2)
- The use of vehicles for business travel – company cars only (Scope 1)

The electricity and gas consumption are based on utility invoices for our site, where we are directly responsible for the energy use. Electricity is supplied through a half hourly meter which means that electricity readings are automated and accurate for the full 12-month period of 2022. The gas invoices were a mixture of actual readings and estimated readings with some monthly invoice data missing. The gas consumption was estimated from the readings on the invoices for 12-month period of 2022 and an estimate of the calorific vale of the gas in this period from the data on the invoices supplied.

Ferring operates a fleet of company cars. The composition of the fleet broken down into fuel type and engine size was provided by Ferring. This gave, for example the percentage of the fleet comprising small (1600cc or less) diesel cars. This percentage figure was used to calculate the proportion the total mileage travelled by this type of vehicle i.e., we have assumed that each vehicle travels an equal number of miles in the year. The split between small, medium and large vehicles was used to calculate the energy and GHG emissions using the appropriate conversion factors for the engine size and fuel type.
Ferring is not reporting on the grey fleet Scope 3 energy use as all transport activities are undertaken by utilising company cars.

GHG emissions have been calculated using the UK Government approved and published conversion factors for company reporting, 2022.

Approved for issue on behalf of the board of directors

Frank Lindenmann
Frank Lindenmann (Feb 23, 2024 14:47 GMT+1)

F C Lindenmann
Director

Date: 23 February 2024

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Company law requires the Director to prepare financial statements for each financial year. Under that law the director has elected to prepare the Group financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director 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 year.

In preparing the Parent Company financial statements, the Director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

In preparing the Group financial statements, International Accounting Standard 1 requires that the Director:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Accounting Standards are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FERRING LABORATORIES LIMITED

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Ferring Laboratories Limited (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2022 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with United Kingdom adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated income statement and statement of comprehensive income;
- the consolidated and parent company statements of financial position;
- the consolidated and parent company statements of changes in equity;
- the consolidated cash flow statement; and
- the related notes 1 to 30.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

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.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement, 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 group's and the parent 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 group or the parent 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the group's business sector.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Employment law, Health & Safety law, Association of the British Pharmaceutical Industry (ABPI) code of conduct, General Data Protection Regulation (GDPR) and the UK Bribery Act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Revenue recognition in relation to gross to net adjustments including rebates and discounts, which require estimates to be made. We performed substantive testing by agreeing a sample of adjustments to supporting evidence such as agreements, credit notes or sales invoices, in addition to gaining an understanding of the rebate agreements in place. We checked that adjustments made to revenue were appropriately reviewed and approved.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

We have nothing to report in respect of these matters.

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.

H Ainsworth

Hayley Ainsworth, ACA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Reading, United Kingdom
23 February 2024

FERRING LABORATORIES LIMITED

CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 (Restated) £
Revenue	2	79,057,695	77,572,463
Cost of sales		(60,997,846)	(62,865,868)
Gross profit		18,059,849	14,706,595
Distribution costs		(245,891)	(343,872)
Administrative expenses		(24,586,595)	(18,450,557)
Other operating income		9,591,173	9,037,286
Profit from operations		2,818,536	4,949,452
Finance income	4	310,772	-
Finance costs	4	(1,466,392)	(1,160,952)
Net finance costs	4	(1,155,620)	(1,160,952)
Profit before income tax	5	1,662,916	3,788,500
Income tax	6	(425,591)	(1,262,173)
Profit for the year		1,237,325	2,526,327
Exchange differences arising on translation of foreign operations		-	(3,483)
Total comprehensive income for the year		1,237,325	2,522,844

The consolidated income statement and statement of comprehensive income have been prepared on the basis that all operations are continuing.

FERRING LABORATORIES LIMITED

Registered Number 01508287

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022	2021 (Restated)
		£	£
Non-current assets			
Property, plant and equipment	7	20,207,156	14,698,606
Intangible assets	8	6,868	15,253
		20,214,024	14,713,859
Current assets			
Inventories	10	20,118,793	21,530,169
Trade and other receivables:	11		
- due within one year		57,087,203	53,389,541
- due in more than one year		-	1,434,339
Deferred tax asset		43,889	-
Corporation tax receivable		223,338	424,493
Cash and cash equivalents	12	2,753	133,772
		77,475,976	76,912,314
Total assets		97,690,000	91,626,173
Current liabilities			
Loans and borrowings	14	60,002,545	60,700,600
Trade and other payables	13	32,326,522	31,192,320
Lease liabilities	15	669,859	691,473
Accruals and deferred income		10,971,750	6,603,419
		103,970,676	99,187,812
Total assets less current liabilities		(6,280,676)	(7,561,639)
Non-current liabilities			
Deferred tax liabilities	19	2,301,453	2,025,539
Lease liabilities	15	1,447,916	1,652,616
		3,749,369	3,678,155
Provisions for liabilities	16	-	34,117
Total liabilities		107,720,045	102,900,084
Net liabilities		(10,030,045)	(11,273,911)
Issued capital and reserves attributable to owners of the parent			
Share capital	20	120,001	120,001
Accumulated loss		(10,150,046)	(11,387,371)
Other reserves		-	(6,541)
Total equity		(10,030,045)	(11,273,911)

The notes on pages 20 to 45 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022 (Continued)

The financial statements were authorised for issue and approved by the Board of Directors on 23 February 2024 and signed on its behalf by:

Frank Lindenmann
Frank Lindenmann (Feb 23, 2024 14:47 GMT+1)

F C Lindenmann
Director

23 February 2024

FERRING LABORATORIES LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Accumulated loss	Other reserves	Total equity
	£	£	£	£
At 1 January 2021	120,001	(13,913,698)	(3,058)	(13,796,755)
Profit after tax and total comprehensive income for the year	-	2,526,327	(3,483)	2,522,844
At 31 December 2021	120,001	(11,387,371)	(6,541)	(11,273,911)
At 1 January 2022	120,001	(11,387,371)	(6,541)	(11,273,911)
Profit after tax and total comprehensive income for the year	-	1,237,325	-	1,237,325
On disposal of subsidiary	-	-	6,541	6,541
At 31 December 2022	120,001	(10,150,046)	-	(10,030,045)

Accumulated loss / earnings represents accumulated comprehensive income for the year and prior periods plus related tax credits less dividends paid.

Other reserves are in relation to foreign exchange differences on the translation of a foreign subsidiary, and was cleared upon the winding up of the foreign subsidiary.

FERRING LABORATORIES LIMITED

CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Profit before tax		1,662,916	3,788,500
Amortisation of intangible assets	8	8,385	17,324
Depreciation	7	2,170,428	2,201,899
Net Finance costs	4	1,155,620	1,160,952
Movement in provisions	16	(34,117)	-
Loss on sale of tangible assets	5	413,318	343
Cash flows from operations before changes in working capital		5,376,550	7,169,018
Decrease/(increase) in inventories		1,411,376	(779,935)
(Increase)/decrease in trade and other receivables		(2,256,782)	4,961,515
Increase/(decrease) in trade and other payables		5,502,537	(7,635,834)
Cash generated from operations		10,033,681	3,714,764
Tax received/(paid)		7,589	(107,975)
Net cash generated from operating activities		10,041,270	3,606,789
Cash flows from investing activities			
Proceeds from sale of tangible assets		-	38,200
Purchase of property, plant and equipment	7	(7,572,369)	(1,697,421)
Purchase of intangible assets	8	-	-
Interest received	4	310,772	-
Net cash used in investing activities		(7,261,597)	(1,659,221)
Cash flows from financing activities			
Payment of lease liabilities	15	(746,241)	(787,957)
Interest paid	4	(1,466,396)	(1,160,952)
Repayment of loan		(700,000)	-
Net cash used in financing activities		(2,912,637)	(1,948,909)
Net cash and cash equivalents used in year		(132,964)	(1,341)
Opening cash and cash equivalents		133,172	137,996
Effect of foreign exchange rates		-	(3,483)
Closing cash and cash equivalents		208	133,172
Presented by:			
Cash and cash equivalents	12	2,753	133,772
Bank loans and overdrafts		(2,545)	(600)
		208	133,172

1. Statement of accounting policies

Basis of preparation

The company is a private limited company limited by share capital, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales.

The company's registered number is 01508287 and the address of its registered office is Drayton Hall, Church Road, West Drayton, Middlesex. UB7 7PS.

Ferring Laboratories Limited is a company incorporated and domiciled in the United Kingdom. The consolidated financial statements of the Company for the year ended 31 December 2022 comprise the Company and the subsidiaries (together referred to as the "Group").

The results have been prepared on the basis of the accounting policies adopted in the financial statements of Ferring Laboratories Limited for the year ended 31 December 2022. These policies have been applied consistently in all material respects in the preparation of these results unless otherwise stated. The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these Group financial statements and have been applied consistently by Group entities.

The financial statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis and on a historical cost basis. These consolidated financial statements are presented in Sterling, which is the Group's functional currency. All financial information has been rounded to the nearest £1.

No profit and loss account is presented by the company as permitted by Section 408 of the Companies Act 2006. For the year ended 31 December 2022 the company recorded a loss of £4,814,269 (2021: loss of £1,061,261).

Going concern

The company meets its day-to-day working capital requirements through its cash reserves and borrowings. The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current cash reserves. After making enquiries, and considering the financial support letter in place from Ferring B.V., the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

1. Statement of accounting policies (continued)

New and revised IFRSs in issue but not yet effective

A number of new standards and amendments to standards and interpretations issued are not yet effective for annual periods beginning after 1 January 2022, and have not been early adopted in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group:

- IFRS 17 Insurance Contracts (effective 1 January 2023)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date (deferred until not earlier than 1 January 2024)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective 1 January 2023)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)

Critical accounting judgements and key sources of estimation uncertainty

Estimates and judgements are evaluated regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable given the circumstances prevailing when the financial statements are approved.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, the directors consider that there is not a significant risk of a material adjustment arising to the carrying value of the group's assets and liabilities as a result of the use of these estimates and assumptions.

Estimates:
VPAS
The Voluntary Scheme for Branded Medicines Pricing and Access (Voluntary Scheme or VPAS) is an agreement between the UK Government, NHS England and the pharmaceutical industry.

Within revenue the group includes clawback for the Voluntary Pricing and Access Scheme (VPAS). VPAS is calculated using the current Department of Health VPAS rate applied to relevant revenue subject to VPAS.
Calculation of the 2022 payment percentage is made using data up to Q3 2021 and then adjusted downwards by 4.1% points. This is to ensure broad commercial equivalence with VPAS, the payment percentage for which was calculated to be 19.1% on the basis of data up to Q3 2021 and subsequently adjusted downwards by 4.1 percentage points to 15%.

Calculation of the 2023 payment percentage is made using data up to Q4 2022, the latest data available at the time of publication of this consultation. The impact of having lowered the 2022 payment percentage by 4.1 percentage points will be accounted for in this calculation so that forgone revenue is in effect deferred from 2022 to 2023. This is to ensure broad commercial equivalence with VPAS, as the VPAS payment percentage for 2023 will be calculated in broadly the same way. Calculation of the 2023 payment percentage will also account for having set the 2022 payment percentage using data up to Q3 2021 rather than Q4 2021.

Rebates
Rebates are calculated based on estimated volume and prices, which are based on historical data and consider any changes in future events.

Judgements:

Leases
The group uses judgement to assess whether the interest rate implicit in the lease is readily determinable. When the interest rate implicit in the lease is not readily determinable, the company estimates the incremental borrowing rate based on its external borrowings secured against similar assets, adjusted for the term of the lease.

Further information on judgements made and the incremental borrowing rate used can be found in note 15.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries up to 31 December 2022. Subsidiaries are those entities that are controlled by the Company. Control is achieved where the Company has the power over the investee; is exposed, or has rights, to variable return from its involvement with the investee; and has the ability to use its power to affect its returns.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Estimated unrealised losses are also eliminated. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group.

Revenue

Revenue is measured based on the consideration specified in a contract with a customer. Amounts collected on behalf of third parties are excluded. Revenue is recognised by the Group when it transfers control over a product or service to a customer.

The Group generates revenue from the sale of pharmaceutical products:

Sale of goods
Revenue from the sale of goods is recognised when the customer takes possession which is generally when the goods are delivered, the customer has full discretion over future use of the product, and there is no unfulfilled obligation that could affect the customer's acceptance of the product.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

Retirement benefit costs

The Group made pension payments on behalf of certain of its full time UK employees through a money purchase (defined contribution) scheme. Contributions and pension costs are based on pensionable salary and are charged as *an expense as they fall due. The Group has no further payment obligations once the contributions* have been paid.

Development costs

Expenditure on internally developed products can be judgemental and is only capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold
- adequate resources are available to complete the development
- there is an intention to complete and sell the product
- The Group is able to see the product
- sale of the product will generate future economic benefits, and
- expenditure on the project can be measured reliably.

1. Statement of accounting policies (continued)

Capitalised development costs are amortised over the periods the Group expects to benefit from selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in the consolidated statement of comprehensive income as incurred.

Foreign currency translation

a) *Functional and presentation currency*
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Sterling, which is the subsidiaries functional and the Group's presentational currency.

b) *Transactions and balances*
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 during the year are translated into Sterling at the rate ruling on the date of the transaction. Exchange gains and losses arising on transactions are recognised in the consolidated income statement in the year they arise.

Leases

On commencement of a contract (or part of a contract) which gives the group the right to use an asset for a period of time in exchange for consideration, the group recognises a right-of-use asset and a lease liability unless the lease qualifies as a 'short-term' lease or a 'low-value' lease.

Short-term leases
Where the lease term is twelve months or less and the lease does not contain an option to purchase the leased asset, lease payments are recognised as an expense on a straight-line basis over the lease term.

Leases of low-value assets
For leases where the underlying asset is 'low-value', lease payments are recognised as an expense on a straight-line basis over the lease term.

Initial measurement of the lease liability
The lease liability is initially measured at the present value of the lease payments during the lease term discounted using the interest rate implicit in the lease, or the incremental borrowing rate if the interest rate implicit in the lease cannot be readily determined.

The lease term is the non-cancellable period of the lease plus extension periods that the Group is reasonably certain to exercise and termination periods that the Group is reasonably certain not to exercise.

Lease payments include fixed payments, less any lease incentives receivable, variable lease payments dependant on an index or a rate and any residual value guarantees. Variable lease payments are initially measured using the index or rate when the leased asset is available for use.

Termination penalties are included in the lease payments if the lease term has been adjusted because the Group reasonably expects to exercise an option to terminate the lease.

Subsequent measurement of the lease liability
The lease liability is subsequently increased for a constant periodic rate of interest on the remaining balance of the lease liability and reduced for lease payments. Interest on the lease liability is recognised in the statement of comprehensive income.

Variable lease payments not included in the measurement of the lease liability as they are not dependent on an index or rate, are recognised in profit or loss in the period in which the event or condition that triggers those payments occurs.

1. Statement of accounting policies (continued)

Re-measurement of the lease liability
The lease liability is adjusted for changes arising from the original terms and conditions of the lease that change the lease term, the Group's assessment of its option to purchase the leased asset, the amount expected to be payable under a residual value guarantee and/or changes in lease payments due to a change in an index or rate. The adjustment to the lease liability is recognised when the change takes effect and is adjusted against the right-of-use asset, unless the carrying amount of the right-of-use asset is reduced to nil, when any further adjustment is recognised in profit or loss.

Adjustments to the lease payments arising from a change in the lease term or the lessee's assessment of its option to purchase the leased asset are discounted using a revised discount rate. The revised discount rate is calculated as the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee's incremental borrowing rate at the date of reassessment.

Changes to the amounts expected to be payable under a residual value guarantee and changes to lease payments due to a change in an index or rate are recognised when the change takes effect, and are discounted at the original discount rate unless the change is due to a change in floating interest rates, when the discount rate is revised to reflect the changes in interest rate.

Lease modifications
A lease modification is a change that was not part of the original terms and conditions of the lease and is accounted for as a separate lease if it increases the scope of the lease by adding the right to use one or more additional assets with a commensurate adjustment to the payments under the lease.

For a lease modification not accounted for as a separate lease, the lease liability is adjusted for the revised lease payments, discounted using a revised discount rate. The revised discount rate used is the interest rate implicit in the lease for the remainder of the lease term, or if that rate cannot be readily determined, the lessee Group's incremental borrowing rate at the date of the modification.

Where the lease modification decreases the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease. Any difference between the adjustment to the lease liability and the adjustment to the right-of-use asset is recognised in profit or loss.

For all other lease modifications, the adjustment to the lease liability is recognised as an adjustment to the right-of-use asset.

Property, plant and equipment

Freehold and leasehold property, plant and machinery, fixtures, fittings and software, and assets under construction are stated at cost less accumulated depreciation and any recognised impairment loss.

Depreciation is charged to administrative expenses so as to write off the cost of assets over their estimated useful economic lives, using the following bases:

Freehold land and leasehold property	40 or 50 years straight line method
Plant and machinery	Between 5 and 10 years straight line method
Fixtures and fittings	Between 5 and 10 years straight line method
Assets under construction	Not depreciated

A right-of-use asset is recognised at commencement of the lease and initially measured at the amount of the lease liability, plus any incremental costs of obtaining the lease and any lease payments made at or before the leased asset is available for use by the Group.

1. Statement of accounting policies (continued)

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses. The depreciation methods applied are as follows:

Land and buildings	Straight line over the lease term
Plant and machinery	Straight line over the lease term

The right-of-use asset is adjusted for any re-measurement of the lease liability and lease modifications, as set out below. An estimate of costs to be incurred in restoring the leased asset to the condition required under the terms and conditions of the lease is recognised as part of the cost of the right-of-use asset when the Group incurs the obligation for these costs.

The costs are incurred at the start of the lease or over the lease term. The provision is measured at the best estimate of the expenditure required to settle the obligation.

Intangibles

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight line basis over their useful economic lives.

Amortisation is charged to administrative expenses on the following basis:

Computer software	Between 5 and 10 years

Recognition of financial instruments

Financial assets and financial liabilities are recognised when the company becomes party to the contractual provisions of the instrument, in accordance with IFRS 9 'Financial Instruments'.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits held by the company with maturities of less than three months.

Inventories

Inventories are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

This is on a product costing basis for Ferring Pharmaceuticals Limited, and a standard cost plus manufacturing variance basis for Ferring Controlled Therapeutics Limited.

Work in progress is valued on the basis of direct costs plus attributable overheads based on a normal level of activity.

Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Trade, group and other receivables

Trade receivables are initially measured at their transaction price. Ferring group and other receivables are initially measured at fair value plus transaction costs. Receivables are held to collect the contractual cash flows which are solely payments of principal and interest. Therefore, these receivables are subsequently measured at amortised cost using the effective interest rate method.

1. Statement of accounting policies (continued)

Impairment of financial assets

An impairment loss is recognised for the expected credit losses on financial assets when there is an increased probability that the counterparty will be unable to settle an instrument's contractual cash flows on the contractual due dates, a reduction in the amounts expected to be recovered, or both.

The probability of default and expected amounts recoverable are assessed using reasonable and supportable past and forward-looking information that is available without undue cost or effort. The expected credit loss is a probability-weighted amount determined from a range of outcomes and takes into account the time value of money.

For trade receivables, expected credit losses are measured by applying an expected loss rate to the gross carrying amount. The expected loss rate comprises the risk of a default occurring and the expected cash flows on default based on the aging of the receivable. The risk of a default occurring always takes into consideration all possible default events over the expected life of those receivables ("the lifetime expected credit losses"). Different provision rates and periods are used based on groupings of historic credit loss experience by product type, customer type and location.

Impairment losses and any subsequent reversals of impairment losses, are adjusted against the carrying amount of the receivable and are recognised in profit or loss.

Financial liabilities and equity

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.

Trade, group and other payables are initially measured at fair value, net of direct transaction costs and subsequently measured at amortised cost.

Interest-bearing bank loans and, bank overdrafts are initially measured at fair value, net of direct transaction costs and are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption, are recognised in profit or loss over the term of the loan using an effective rate of interest.

Equity instruments issued by the Company are recorded at fair value on initial recognition net of transaction costs.

Taxation

Current tax is based on taxable profit for the year and is calculated using tax rates that have been enacted or substantively enacted. Taxable profit differs from net profit as reported in the income statement because it is adjusted for items of income or expense that are taxable or tax deductible in other years (temporary differences) and items that are never taxable or deductible (permanent differences). Temporary differences principally arise from using different balance sheet values for assets and liabilities than their respective tax base values. Deferred tax is generally provided in respect of all these taxable temporary differences at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it is probable that sufficient taxable profits will be available against which the future reversal of the underlying temporary differences can be deducted. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

1. Statement of accounting policies (continued)

Taxation (continued)

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting year, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are not netted off against each other unless they relate to taxes levied by the same authority and arise in the same taxable entity or in different taxable entities that intend to recover the tax assets or settle the liabilities simultaneously on a net basis.

Deferred tax is calculated at the tax rates that are expected to apply in the year when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is charged or credited to equity.

2. Regional revenue information

Region	2022 £	%	2021 £	%
United Kingdom	50,703,728	64.1	60,940,348	78.6
Other European Union members	23,435,592	29.6	12,936,130	16.7
Rest of the world	4,918,375	6.3	3,695,985	4.7
	79,057,695		77,572,463	

100% of turnover is generated from the principal activity of the group.

3. Employee costs

	2022 £	2021 £
Wages and salaries	10,035,687	8,640,691
Social security costs	1,473,451	1,156,228
Pension costs	1,105,280	755,100
	12,614,418	10,552,019

Number of employees	2022 No.	2021 No.
Production staff	92	85
Administrative staff	71	71
Directors	-	1
	163	157

3. Employee costs (continued)

Directors	2022 £	2021 £
Wages and salaries	20,659	61,898

There were no directors who were members of the Company's defined contribution pension scheme (2021: none). Contributions were made to the director's personal pension scheme.

Directors wages and salaries costs relate to Peter Wilden.

Key management personnel - remuneration

	2022 £	2021 £
Short term employee benefits	855,741	1,173,502

4. Net finance income/ costs

	2022 £	2021 (Restated) £
Finance income		
Amounts receivable from group companies	310,772	-
	310,772	-

Finance costs	2022 £	2021 £
Other interest	397	935
Amounts payable to group companies	1,422,888	1,105,304
Interest on lease liabilities	43,107	54,713
	1,466,392	1,160,952
NET FINANCE COST	(1,155,620)	(1,160,952)

5. Profit before taxation

The following items have been charged in arriving at the profit before taxation:	**2022 £**	**2021 £**
Depreciation and amortisation:		
- property, plant and equipment owned	1,461,437	1,441,057
- intangible assets	8,385	17,324
- rights of use assets	708,991	760,842
Loss on disposal of tangible assets	413,318	343
Directors remuneration	20,659	61,898
Exchange losses	132,409	67,839
Research and development	3,294,324	3,091,070
Restructuring costs	34,117	-
Auditor's remuneration charged in Income Statement:		
Audit of financial statements of the Company	3,600	10,680
Audit of financial statements of subsidiaries	93,210	88,664

6. Income tax

	2022 £	2021 £
Current tax charge	242,916	421,782
Adjustment in respect of prior periods	(49,350)	(3,830)
UK deferred tax	232,025	844,221
Tax charge for the year	425,591	1,262,173

Taxation has been calculated by applying the standard corporate tax rates ruling in the operating territories of the Group. The difference between the total current tax shown above and the amount calculated by applying the standard rates of corporation tax to the profit before tax is as follows:

	2022 £	2021 £
Profit before tax	1,662,916	3,788,500
Tax on United Kingdom profit at an average rate of 19% (2021: 19%)	315,954	719,815
Factors affecting charge:		
Expenditure disallowed for taxation	59,196	44,099
Research and development	-	(16,207)
Adjustments to previous periods	(49,332)	33,833
Fixed asset timing differences	(11,295)	(5,498)
Remeasurement of deferred tax for change in tax rates	55,681	3,546,311
Movement in deferred tax not recognised	-	(3,060,180)
Other adjustments to taxation	55,387	-
Tax charge for the year	425,591	1,262,173

Changes to UK corporation tax rates were substantively enacted by the Finance Bill 2021 on 24 May 2021. These included an increase of the corporation tax rate to 25% from 1 April 2023. As this change was substantively enacted at the balance sheet date, deferred tax is recognised at a rate of 25% in the current year.

FERRING LABORATORIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

7. Property, plant and equipment

	Land & buildings right of use asset	Freehold and leasehold property	Plant and machinery	Plant & machinery right of use asset	Fixtures and fittings	Assets unde constructioi	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2022	3,647,657	7,230,452	11,657,182	568,847	991,370	961,691	25,057,199
Additions	-	19,250	-	519,927	25,684	7,527,435	8,092,296
Disposals	-	(280,476)	(1,799,876)	(162,204)	-	-	(2,242,556)
Transfers	-	53,600	1,051,563	-	149,852	(1,255,015)	-
At 31 December 2022	3,647,657	7,022,826	10,908,869	926,570	1,166,906	7,234,111	30,906,939
Accumulated depreciation							
At 1 January 2022	1,475,457	1,947,771	5,882,619	520,849	531,897	-	10,358,593
Charge for the year	491,819	353,209	1,039,006	217,172	69,222	-	2,170,428
On disposal	-	(161,274)	(1,539,408)	(128,556)	-	-	(1,829,238)
At 31 December 2022	1,967,276	2,139,706	5,382,217	609,465	601,119	-	10,699,783
Net book value							
At 31 December 2022	1,680,381	4,883,120	5,526,652	317,105	565,787	7,234,111	20,207,156

The company assesses the estimated useful lives and related depreciation for its property, plant and equipment on an annual basis and does not consider there to be any change in the useful lives of the assets.

FERRING LABORATORIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

7. Property, plant and equipment (continued)

	Land & buildings right of use asset	Freehold and leasehold property	Plant and machinery	Plant & machinery right of use asset	Fixtures and fittings	Assets unde constructioı	Total
	£	£	£	£	£	£	£
Cost							
At 1 January 2021	3,647,657	7,003,371	10,196,772	662,080	930,618	1,107,088	23,547,586
Additions	-	17,091	-	71,157	25,322	1,655,008	1,768,578
Disposals	-	-	(81,082)	(164,390)	(13,493)	-	(258,965)
Transfers	-	209,990	1,541,492	-	48,923	(1,800,405)	-
At 31 December 2021	3,647,657	7,230,452	11,657,182	568,847	991,370	961,691	25,057,199
Accumulated depreciation							
At 1 January 2021	983,638	1,581,023	4,973,518	378,016	460,922	-	8,377,117
Charge for the year	491,819	366,748	990,183	269,023	84,126	-	2,201,899
On disposal	-	-	(81,082)	(126,190)	(13,151)	-	(220,423)
At 31 December 2021	1,475,457	1,947,771	5,882,619	520,849	531,897	-	10,358,593
Net book value							
At 31 December 2021	2,172,200	5,282,681	5,774,563	47,998	459,473	961,691	14,698,606

8. Intangible assets

	Computer software £
Cost	
At 1 January 2022	162,347
Additions	-
At 31 December 2022	162,347
Accumulated amortisation	
At 1 January 2022	147,094
Charge for the year	8,385
At 31 December 2022	155,479
Net book value	
At 31 December 2022	6,868

	Computer software £
Cost	
At 1 January 2021	162,347
Additions	-
At 31 December 2021	162,347
Accumulated amortisation	
At 1 January 2021	129,770
Charge for the year	17,324
At 31 December 2021	147,094
Net book value	
At 31 December 2021	15,253

9. Disposal of subsidiary

On 13 September 2022, Ferring Controlled Therapeutics Limited disposed of its subsidiary Ferring Controlled Therapeutics SA. A loss on disposal of £1,151 has been recognised within administrative expenses.

10. Inventories

	2022 £	2021 £
Raw materials	7,340,759	11,669,074
Work in progress	2,962,808	586,555
Finished goods	9,815,226	9,274,540
	20,118,793	21,530,169

The cost of inventories recognised as an expense during the year was £52,236,364 (2021: £61,011,643).

During the year £154,570 was charged in respect of inventories previously written down (2021: £928,357) was reversed in respect of inventories previously written down).

11. Trade and other receivables

	2022 £	2021 £
Trade receivables	6,516,886	8,392,819
Amount due from parent undertaking	48,868,920	44,960,125
Prepayments and accrued income	1,624,932	1,470,489
Other receivables	76,465	447
	57,087,203	54,823,880

Trade receivables includes an amount of £717,159 (2021: £1,434,339) which is due in one year (in 2021 was more than one year).

Amounts due from parent undertaking are unsecured, interest free and repayable on demand except on certain intercompany balances held within the parent's in-house banking facility, on which interest is received at a rate of 1 month LIBOR minus 1% until 1 July 2022, and thereafter at a rate of 1 month LIBOR minus 0.35%. When this calculation results in a negative income, no interest is received.

All trade and other receivables are financial assets. The book values of trade and other receivables are considered by the Board to be approximates of their fair value.

No interest is charged on late receivables. Before accepting any new customer the Company assesses the customer's credit quality and defines an appropriate credit limit by customer.

11. Trade and other receivables (continued)

Movement in the allowance of bad debts:

	2022 £	2021 £
Balance at 1 January	18,304	-
Impairment losses recognised	-	-
Unused amounts reversed	(18,304)	-
Increase in provision	61,223	18,304
Balance at 31 December	61,223	18,304

12. Cash and cash equivalents

	2022 £	2021 £
Cash and cash equivalents	2,753	133,772

13. Trade and other payables

	2022 £	2021 £
Trade payables	4,024,464	2,773,580
Other tax and social security	1,767,440	2,618,759
Other payables	125,326	18,935
Amount due to parent undertaking and other related parties	26,409,292	25,781,046
	32,326,522	31,192,320

The book values of trade and other payables are considered by the Board to be approximates of their fair value.

Amounts due to parent undertaking and other related parties are unsecured, interest free and repayable on demand except on certain intercompany balances held within the parent's in-house banking facility, on which interest is paid at a rate of 1 month LIBOR plus 1% until 1 July 2022, and thereafter at a rate of 1 month LIBOR plus 0.5%.

14. Loans and borrowings

	2022 £	2021 (Restated) £
Current		
Bank overdrafts	2,545	600
Amounts owed to intercompany	60,000,000	60,700,000

Within the above, amounts owed to intercompany relates to an intercompany loan from CPSI Scotland Limited of £60,000,000 (2021: £60,700,000) bearing interest at 1.6% (2021: 1.6%). This will continue beyond the current term 31 December 2022 for successive terms of one year unless terminated by one of the parties to the agreement.

15. Lease liabilities

The maturity of the gross contractual undiscounted cash flows due on the Group's lease liabilities is set out below based on the period between 31 December 2022 and the contractual maturity date.

Group

31 December 2022	Less than 1 year £	Between 1 and 5 years £	Later than 5 years £	Total £
Land and buildings	527,760	1,286,000	-	1,813,760
Plant and machinery	175,907	192,836	-	368,743
Future finance charges on lease liabilities	(33,808)	(30,920)	-	(64,728)
Present value of lease liabilities	669,859	1,447,916	-	2,117,775

31 December 2021	Less than 1 year £	Between 1 and 5 years £	Later than 5 years £	Total £
Land and buildings	527,760	1,762,097	-	2,289,857
Plant and machinery	198,921	90,575	-	289,496
Future finance charges on lease liabilities	(35,208)	(200,056)	-	(235,264)
Present value of lease liabilities	691,473	1,652,616	-	2,344,089

Minimum lease payments fall due as follows:

	2022 £	2021 £
Gross obligation repayable:		
Within one year	703,667	726,681
Between one and five years	1,478,836	1,852,672
	2,182,503	2,579,353
Finance charges repayable:		
Within one year	33,808	35,208
Between one and five years	30,920	200,056
	64,728	235,264
Net obligations repayable:		
Within one year	669,859	691,473
Between one and five years	1,447,916	1,652,616
	2,117,775	2,344,089

15. Lease liabilities (continued)

The rates of interest implicit in the Group's lease arrangements is not readily determinable and the incremental borrowing rate applied in calculating the lease liability is 1.87% on land and buildings and 1.65% for plant and machinery. The fair value of the Group's lease obligations is approximately equal to their carrying amount.

Disclosure of lease liabilities at the year end due within one year and in more than one year are disclosed in statement of financial position and in note 15.

Disclosure of the carrying amounts of right of use assets by class have been disclosed in note 7.

Effect of leases on financial performance	**2022**	**2021**
	£	**£**
Depreciation charge for the year included in 'administrative expenses' for right-of-use assets:		
- Land and buildings	491,819	491,819
- Plant and machinery	217,172	269,023
Interest expense for the year on lease liabilities recognised in 'finance costs	43,107	54,713
Effect of leases on cash flows:		
Total cash outflow for leases in the year	746,241	787,957

The group leases a property for the use of its operations in the UK. The lease term is 15 years, with 4 years remaining as at 31 December 2022 (2021: 5 years). The lease will be terminated at the end of the lease term. The lease is subject to repair and maintenance terms and the property must be restored to the original condition on termination of the lease.

The group leases cars for its operations. The leases are for terms of 3 years. Rentals payable on vehicle leases are fixed unless mileage limits are exceeded. Consequential increases in rentals are recognised in the profit or loss when they arise.

16. Provision for Liabilities

	£
Restructuring provision	
Balance at 1 January 2022	34,117
Additions	58,535
Utilised	-
Released	(92,652)
Balance at 31 December 2022	-

17. Financial instruments

	2022 £	2021 £
Financial assets at amortised cost		
Cash and bank balances	2,753	133,772
Trade and other receivables	55,462,272	53,353,391
	55,465,025	53,487,163
Financial liabilities at amortised cost		
Trade and other payables	43,300,818	37,796,338
Amounts owed to group undertakings	60,000,000	60,700,000
Lease liabilities	2,117,775	2,344,089
	104,815,693	100,840,427

18. Financial risk management

Financial instruments
The groups' objective is to finance the business through management of existing liquidity.
The groups' policy toward using financial instruments is to manage credit, liquidity and currency exposure risk without exposing the group to undue risk or speculation. The policy is kept under review by the directors.

Risk management
The risks arising from the group's operations and financial instruments are explained below.
The group is exposed through its operations to the following financial risks:

- Credit risk
- Interest rate risk
- Foreign exchange risk
- Liquidity risk

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. It is Group policy, implemented locally, to assess the credit risk of new customers before entering contracts. Such credit ratings are taken into account by local business practices.

18. Financial risk management (continued)

Credit risk (continued)
The Group operate a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available. Purchase limits are established for each customer, which presents the maximum open amount without requiring further approval.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

Interest rate risk
The group is exposed to cash flow interest rate risk from long term borrowings with wider group members. The long term loan of £60,000,000 has a current interest rate of 1.6% in relation to £60,000,000. The risk of movement within this interest rate equates to £600,000 for each 100 basis point movement in interest rates charged.

Foreign exchange risk
Foreign exchange risk arises when individual group entities enter into transactions denominated in a currency other than their functional currency.

The group is predominantly exposed to currency risk on trade transactions. The group manages foreign exchange risk at a local level by matching the currency in which revenue is generated with expenditure incurred.

Liquidity risk
Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to actively maintain cash balances.

The Board receives rolling cash flow projections on a monthly basis as well as information regarding cash balances.

The liquidity risk of each group entity is managed centrally by the wider group treasury function. Each operation has a facility with group treasury.

19. Deferred tax

The movement on deferred tax liability arose as follows:

	2022 £	2021 £
Brought forward	2,025,539	1,181,318
Charged/(credited) to tax charge in the income statement (See Note 6)	275,914	844,221
	2,301,453	2,025,539

	2022 £	2021 £
Deferred tax liability:-		
Accelerated capital allowances	2,301,453	2,049,142
Short term temporary differences	-	(23,603)
	2,301,453	2,025,539

20. Share capital

	Number of Ordinary £1 shares	£
Authorised		
200,000 ordinary shares of £1 each	200,000	200,000
Allotted, called up and fully paid		
120,001 ordinary shares of £1 each	120,001	120,001

21. Prior year restatement

After the Company's financial statements for the year ended 31 December 2021 were issued, it was determined that:

Adjustment 1: the intercompany loan from CPSI Scotland Limited of £60,700,000 was classified as Non-Current Liabilities. As per the terms of the intercompany loan agreement, the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period, therefore the loan meets the definition of a current liability. As a result, the financial statements were restated to reflect the amount in Current Liabilities.

Adjustment 2: the management fees and service charges to the group in the amount of £2,230,208 were classified as "Financial Income". The financial statements were restated to reflect the correct nature of the Income in the "Other operating income".

The following table summarises the impact of prior year adjustments on the financial statements.

Profit and loss account

	Notes	2021 As previously reported £	2021 Adjustment 1 £	2021 Adjustment 2 £	2021 Restated £
Revenue	2	77,572,463	-	-	77,572,463
Cost of sales		(62,865,868)	-	-	(62,865,868)
Gross profit		14,706,595			14,706,595
Distribution costs		(343,872)	-	-	(343,872)
Administrative expenses		(18,450,557)	-	-	(18,450,557)
Other operating income		6,807,079	-	2,230,208	9,037,286
Profit from operations		2,719,245	-	2,230,208	4,949,453
Finance income	4	2,230,208	-	(2,230,208)	-
Finance costs	4	(1,160,952)	-	-	(1,160,952)
Net finance income/(costs)	4	1,069,255		(2,230,208)	(1,160,952)
Profit before income tax	5	3,788,500	-	-	3,788,500
Income tax	6	(1,262,173)	-	-	(1,262,173)
Profit for the year		2,526,327	-	-	2,526,327

21. Prior year restatement

Balance sheet

	Notes	2021 As previously reported £	2021 Adjustment 1 £	2021 Adjustment 2 £	2021 Restated £
Non-current assets					
Property, plant and equipment	7	14,698,606	-	-	14,698,606
Intangible assets	8	15,253	-	-	15,253
		14,713,859	-	-	14,713,859
Current assets					
Inventories	10	21,530,169	-	-	21,530,169
Trade and other receivables:	11				
- due within one year		53,389,541	-	-	53,389,541
- due in more than one year		1,434,339	-	-	1,434,339
Cash and cash equivalents	12	133,772	-	-	133,772
Deferred tax asset		-	-	-	-
Corporation tax receivable		424,493	-	-	424,493
		76,912,314	-	-	76,912,314
Total assets		91,626,173	-	-	91,626,173
Current liabilities					
Loans and borrowings	14	(600)	(60,700,000)	-	(60,700,600)
Trade and other payables	13	(31,192,320)	-	-	(31,192,320)
Lease liabilities	15	(691,473)	-	-	(691,473)
Accruals and deferred income		(6,603,419)	-	-	(6,603,419)
		(38,487,812)	-	-	(99,187,812)
Total assets less current liabilities		53,138,361	-	-	(7,561,639)
Non-current liabilities					
Loans and borrowings	14	(60,700,000)	60,700,000	-	-
Deferred tax liabilities	19	(2,025,539)	-	-	(2,025,539)
Lease liabilities	15	(1,652,616)	-	-	(1,652,616)
		(3,678,155)	-	-	(3,678,155)
Provisions for liabilities	16	(34,117)	-	-	(34,117)
Total liabilities		(102,900,084)	-	-	(102,900,084)
Net liabilities		(11,273,911)	-	-	(11,273,911)
Issued capital and reserves attributable to owners of the parent					
Share capital	20	120,001			120,001
Accumulated loss		(11,387,371)			(11,387,371)
Other reserves		(6,541)			(6,541)
Total equity		(11,273,911)			(11,273,911)

22. Related party transactions

Ferring Holding SA exhibits control over Ferring Laboratories Limited, from a management perspective, via the Board of Directors.

As at 31 December 2022 the groups had the following amounts due to/(from) the wider group, all of which have an ultimate parent company of Ferring Holding SA.

The amounts outstanding at the balance sheet date are:

Company name	2022 £	2021 £
CPSI (Scotland) Limited	(60,000,000)	(60,700,000)

During the year, finance costs were incurred from the following member companies:

	2022 £	2021 £
CPSI (Scotland) Limited	971,200	971,200
Ferring International Center SA	451,688	134,104

During the year, finance income was received from the following member companies:

	2022 £	2021 £
Ferring International Center SA	283,219	-

During the year, purchases were made from the following member companies

	2022 £	2021 £
Marshal BV	-	474,984

23. Ultimate controlling party

The immediate parent undertaking is Ferring BV, a company incorporated in the Netherlands.

The largest and smallest group to consolidate the results of the company and group is Ferring Holding SA. Information on Ferring Holding SA financial statements can be obtained from the registered office, Chemin de la Vergognausaz 50, 1162 St-Prex, Switzerland.

The ultimate parent undertaking is Insula Corporation NV, a company registered in Curacao whose registered office address is NV, Pietermaai 15, Willemstad, Curacao, Netherland Antilles.

The ultimate controlling party is the Dr Frederik Paulsen Foundation.

24. Subsequent events

No significant events were identified post year end 2022.

FERRING LABORATORIES LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	2022 £	2021 (Restated) £
Fixed assets			
Investments	26	28,665,000	32,749,000
Current assets			
Debtors	27	27,576,556	29,027,023
Total assets		56,241,556	61,776,023
Current liabilities			
Creditors: amounts falling due within one year	28	(60,016,561)	(60,736,760)
Total Liabilities		(60,016,561)	(60,736,760)
Net current liabilities		(32,440,005)	(31,709,737)
Total assets less current liabilities		(3,775,005)	1,039,263
Net (liabilities)/assets		(3,775,005)	1,039,263
Capital and reserves			
Called up share capital	29	120,001	120,001
Retained earnings		(3,895,006)	919,262
Total shareholders' funds		(3,775,005)	1,039,263

The loss of the Company for the year to 31 December 2022 was £4,814,269 (2021: loss of £1,061,261).

The notes on pages 48 to 52 form part of these financial statements. Approved by the Board of Directors on 23 February 2024 and signed on its behalf by:

Frank Lindenmann
Frank Lindenmann (Feb 23, 2024 14:47 GMT+1)

F C Lindenmann
Director

FERRING LABORATORIES LIMITED

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Share capital	Retained earnings	Total equity
	£	£	£
At 1 January 2021	120,001	1,980,523	2,100,524
Loss after tax and total comprehensive expense for the year	-	(1,061,261)	(1,061,261)
At 31 December 2021	120,001	919,262	1,039,263
At 1 January 2022	120,001	919,262	1,039,263
Loss after tax and total comprehensive expense for the year	-	(4,814,269)	(4,814,269)
At 31 December 2022	120,001	(3,895,007)	(3,775,006)

25. Accounting policies for Parent Company financial statements

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the Company.

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities at fair value through profit or loss, and in accordance with the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £1.

The following disclosure exemptions from the requirements of IFRS have been adopted in the preparation of these financial statements, in accordance with FRS 101:

- Comparative information has not been given in respect of:
    - i. a reconciliation of the carrying amount of each class of tangible assets at the beginning of the period;
    - ii. a reconciliation of the carrying amount of each class of intangible assets at the beginning of the period;
- The requirement to produce a third Statement of Financial Position when applying a change in accounting policy, retrospective restatement or reclassification.
- The requirement to disclose information relating to the Company's objectives, policies and processes for managing capital.
- The requirement to publish a Statement of Cash Flows.
- Disclosure of the categories of financial instrument and nature and extent of risks arising on these financial instruments.
- The requirement to disclose the valuation techniques applied to assets and liabilities held at fair value.
- The requirement to disclose compensation for key management between short term employee benefits, post-employment benefits and other long term benefits.
- The requirements to disclose related party transactions entered into between two or more, wholly owned, members of a group.
- The requirement to disclose the future impact of a new IFRS in issue but not effective at the reporting date.

As permitted by s408 Companies Act 2006, the Company has not presented its own Statement of Comprehensive Income and related notes as it prepares group accounts.

25. Accounting policies for Parent Company financial statements (continued)

Going concern review

The Companies Act 2006 require Directors' to confirm whether, after making appropriate enquiries, they have reasonable expectations that the Company has adequate financial resources to continue in operational existence for the foreseeable future. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within the level of its current facilities. After making enquiries, and considering the support letter in place, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis in preparing its financial statements.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position 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 Statement of Financial Position 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.

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

Investment in subsidiary and associated undertakings

The interest of the Company in shares of subsidiary undertakings is stated at cost less provision for impairment. The carrying values of fixed asset investments are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. Impairment is recognised by comparing the carrying amount to the higher of the recoverable amount and value in use.

Critical accounting estimates

Estimates are evaluated regularly and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable given the circumstances prevailing when the financial statements are approved.

The annual impairment exercise is based on an estimate of the valuation of investments using projected discounted cashflows at the present value and compare with carrying value of the investment as a measure of value in use. This requires estimates of forecast performance to be made, which by nature carry a level of uncertainty. To inform those estimates, past performance is used as a driving factor, along with the estimated financial impact of upcoming plans for the business, such as sales estimates from past experience of similar product launches. In addition, an appropriate discount rate must be used to discount the forecast cash flows to present value. In arriving at that rate, a capital asset pricing model is used, incorporating measurable inputs from the market, and comparator products and businesses.

As at the year end, the total impairment charge on investment is £4,084,000 (2021: Nil). Were the WACC to be 1% higher or lower, the impact would be a £2,586,000 increase or £3,189,000 decrease to the impairment charge. These sensitivities are based on what the directors consider to be reasonably possible changes in the underlying estimates.

25. Accounting policies for Parent Company financial statements (continued)

Estimation uncertainty judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. However, the Directors consider that there is not a significant risk of a material adjustment arising to the carrying value of the Company's assets and liabilities as a result of the use of these estimates and assumptions.

26. Investments

	£
Cost	
At 1 January 2022	32,749,000
Additions	-
Disposals	-
At 31 December 2022	32,749,000
Impairment	
At 1 January 2022	-
Additions	(4,084,000)
Disposal	-
At 31 December 2022	(4,084,000)
Net book value	
At 31 December 2022	28,665,000
At 31 December 2021	32,749,000

Except where indicated below, all subsidiaries undertakings of the Company are wholly owned. The subsidiaries and associated undertakings of the Company at 31 December 2022 were as follows:-

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Ferring Pharmaceuticals Limited	England and Wales	Ordinary	100.00
Ferring Controlled Therapeutics Limited	England and Wales	Ordinary	100.00

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Ferring Pharmaceuticals Limited	sales and marketing of pharmaceutical products
Ferring Controlled Therapeutics Limited	manufacture and sale of pharmaceutical products

The registered office of Ferring Pharmaceutical's Limited is Drayton Hall, Church Road, West Drayton, Middlesex, UB7 7PS.

The registered office of Ferring Controlled Therapeutics Limited is 1 Redwood Place, East Glasgow, South Lanarkshire, G74 5PB.

Ferring Pharmaceuticals Limited (01198007) and Ferring Controlled Therapeutics Limited (SC100269) have taken the available exemption from audit under Section 479a of the Companies Act 2006 relating to subsidiary companies.

On 13 September 2022, Ferring Controlled Therapeutics Limited disposed of its subsidiary Ferring Controlled Therapeutics SA.

27. Debtors

	2022 £	2021 £
Other receivables	75,194	-
Amount due from parent undertaking	27,501,362	29,027,023
	27,576,556	29,027,023

Amounts due from parent undertaking are unsecured, interest free and repayable on demand.

28. Creditors: amounts falling due within one year

	2022 £	2021 (Restated) £
Other tax and social security	-	2,499
Accruals and deferred income	16,561	34,261
Amounts due to group undertakings	60,000,000	60,700,000
	60,016,561	60,736,760

The above amounts owed to group undertakings relates to an intercompany loan from CPSI Scotland Limited of £60,000,000 (2021: £60,700,000) bearing interest at 1.6% (2021: 1.6%). This will continue beyond the current term 31 December 2021 for successive terms of one year unless terminated by one of the parties of the agreement.

29. Share capital

	Number of Ordinary £1 shares	£
Authorised		
200,000 ordinary shares of £1 each	200,000	200,000
Allotted, called up and fully paid		
120,001 ordinary shares of £1 each	120,001	120,001

30. Prior year restatement

After the Company's financial statements for the year ended 31 December 2021 were issued, it was determined that:

Adjustment 1: the intercompany loan from CPSI Scotland Limited of £60,700,000 were classified as Non-Current Liabilities. As per the terms of the intercompany loan agreement, the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period, therefore the loan meets the definition of a current liability. As a result, the financial statements were restated to reflect the amount in the Current Liabilities.

The following table summarises the impact of prior year adjustment on the financial statements.

Balance sheet

	Notes	2021	2021	2021
		As previously reported	Adjustment	(Restated)
		£	£	£
Fixed assets				
Investments	26	32,749,000	-	32,749,000
Current assets				
Debtors	27	29,027,023	-	29,027,023
Total assets		61,776,023	-	61,776,023
Creditors: amounts falling due within one year	28	(36,760)	(60,700,000)	(60,736,760)
Net current assets/(liabilities)		28,990,263	-	(31,709,737)
Total assets less current liabilities		61,739,263	-	1,039,263
Creditors: amounts falling due after more than one year		(60,700,000)	60,700,000	-
Net assets		1,039,263	-	1,039,263
Capital and reserves				
Called up share capital		120,001	-	120,001
Retained earnings		919,262	-	919,262
Total shareholders' funds		1,039,263	-	1,039,263