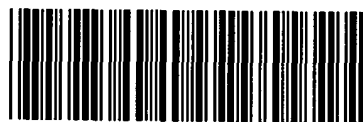


Boehringer Ingelheim Animal Health UK Limited

**Annual Report and Financial Statements
31 December 2022**

Registered No. 01961886

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Strategic Report
For the Year Ended 31 December 2022

The directors present their Strategic Report on the affairs of the company for the year ended 31 December 2022.

Review of the business

Boehringer Ingelheim Animal Health UK Limited ("the company") manufactures, markets and distributes animal health products and veterinary medicines which are sold within the United Kingdom and to the European Union.

The results for the company show a profit before tax for the year of £4.2m (2021: loss before tax £1.2m) and turnover of £166.4m (2021: £150.4m).

The prevailing market environment continues to be one of strong competition and indirect customer consolidation as well as the growing influence of internet sales. Nevertheless, the company saw a 7% rise in sales within the domestic market (being the United Kingdom and Ireland), all of which are made to third parties, as sales increased from £119.5m to £128.4m. This was mainly due to an increase in volume growth of commercial sales in particular in the Pet business.

The value of manufacturing output, consisting of foot and mouth disease vaccine and antigen, which are all sold on an intercompany basis outside of the United Kingdom and Ireland, remained stable. This part of the business is subject to demand levels generated elsewhere within the group.

The directors use a range of regular Key Performance Indicators (KPIs) to assess the development of the business.

In commercial operations the areas of focus include measurement of wholesaler sales out into the market, market share analyses, sales analyses versus plan and prior periods and the expansion of new products. The directors feel that disclosures of values and performance under those headings would be prejudicial to the business.

In the manufacturing division these include analyses of production variances against standard, the value and causes of inventory reserves/destructions and analyses of cost based spending. Manufacturing performance was below that of the prior year, due to the production pause at the beginning of the year, resulting in increased idle capacity and spending variance. Destructions were also higher and production variances were unfavourable. The directors feel that disclosures of values and performance under those headings would be prejudicial to the business.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are in the following areas:

The company operates in a highly competitive market in which it faces competition from both proprietary and generic products. Therefore significant technical innovations or intensifications of price competition by competitors have the potential to adversely affect the company's financial results.

The company relies on retaining, and where necessary, recruiting employees with a range of skills necessary to ensure that it can meet its annual objectives and fulfil its longer term plans. Where the supply of people with the requisite skill sets is limited, the company will face competition to attract and retain the most talented people. The inability to attract and retain such people or to have effective succession planning in place for critical positions may adversely affect the company's results.

The products offered in the market in which the company operates are subject to regulatory classifications. Changes in the classification of competitor products have the potential to reduce the company's market share in certain channels it supplies and could lead to a reduction of turnover and margins for those products affected.

Strategic Report (continued)
For the Year Ended 31 December 2022

Principal risks and uncertainties (continued)

The company has an established risk and financial management framework where the primary objective is to protect the company from events that hinder the achievement of the company's performance objectives. The framework aims to limit undue counterparty exposure, ensure sufficient working capital exists and to monitor the management of risk on an ongoing basis.

Interaction with stakeholders to promote the success of the company

Under s172 (1) CA 2006, the directors have a duty to act in good faith and to promote the success of the company whilst having regard to interactions with key stakeholders. As an animal health company, the needs and welfare of all animal patients is at the centre of every decision taken. If the company is doing the right thing for the patient then this will only help the success of the company going forwards.

The company also sees that its number one priority is its employees and takes into account employee needs and input in major decisions by making use of its Information and Consultation Forum – please see the additional comments on Employee Involvement in the Directors' Report.


The company understands the need to have positive working relationships with all suppliers and regularly reports on its payment practices in the gov.uk portal. The company also has a supplier code of conduct which can be found on the company's internet page.

The company understands its impact on the local community and environment and has various ongoing initiatives including Sustainable Development - For Generations. As part of this initiative, the company has launched a recyclable equine inhaler device which has had a beneficial impact on its carbon footprint. In addition, the company has had renewable energy supplied since December 2021.

The company has high standards of business conduct and this is enshrined in the company's Code of Conduct which can be found on the company's internet page. The Code of Conduct is shared with all direct customers and suppliers.

The directors are satisfied with the position of the company at the year end.

This report was approved by the Board on 25 May 2023 and signed on its behalf

DocuSigned by:

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B Moynihan
Director

Directors' Report
For the Year Ended 31 December 2022

The directors present their report and the financial statements for the year ended 31 December 2022.

Results and dividends

The profit for the year amounted to £1.5m (2021: loss £0.2m).

The directors do not recommend the payment of a dividend in respect of the year (2021: £nil).

Future developments

The company seeks to deal positively with market changes. The Boehringer Ingelheim Group is focusing on continually building on its achievements through innovation and therapeutic progress. This vision helps to foster value through innovation throughout the company and to look to the future with constantly renewed commitment and ambition.

Financial Risk Management

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, exchange risk, credit risk, liquidity risk, interest rate risk and cash flow risk. The company has in place a risk management programme that seeks to limit the adverse effects of movement in foreign currencies and cash flow risk by monitoring levels of currency exposure and the related finance costs. The company does not use derivative financial instruments to manage interest costs and as such, no hedge accounting is applied. The company had no bank loans or overdrafts at the balance sheet date (2021: £nil). The company monitors its credit risk by continually reviewing the financial strength of both its suppliers and customers. The company maintains a mixture of long term and short term finance that is designed to ensure the company has sufficient funds available for operations.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements unless otherwise indicated, were:

U Boşç (Resigned 1 November 2022)

G Ensink

M Kowarik (Appointed 1 November 2022)

V Manja (Appointed 8 February 2023)

B Moynihan

Directors' indemnities

The company maintains liability insurance for its directors and officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Research and development activities

Primary product research and development is largely carried out elsewhere within the Boehringer Ingelheim global group of companies but the company continues to invest in technology and product development processes in order to provide a high level of support to its customers.

Employees

Employee numbers

There was a monthly average number of 254 employees during the year (2021: 258).

Employee involvement

Involving staff in the business is an important objective of company management. Active steps are taken to communicate business results and developments. Specific steps are taken to generate opportunities for consultation on current issues, the implications of main decisions and to gain ideas for improving results by changing company operations. Regular staff surveys check on employees' attitudes, wellbeing and views on the group.

Directors' Report (continued)
For the Year Ended 31 December 2022**Employees (continued)**

The company participates fully in the Boehringer Ingelheim European Forum (a European Works Council) which meets annually. Two representatives from the United Kingdom, elected directly by employees, attend to discuss developments in the international business including sales and profit performance, investment strategies and various personnel and safety matters.

Communication and involvement of employees is therefore taken seriously and all managers have regular employee dialogues. Company news is updated on the intranet regularly. The parent company's Annual Report is distributed each year. Health and safety improvements are given the highest priority and the company's health and safety record is reviewed regularly by the Executive Management Group.

Employment of disabled persons

Full consideration is given to applications for employment made by disabled persons having regard to their particular aptitude and abilities. When a disabled person is employed or an employed person becomes disabled during the year, appropriate training and retraining is arranged, as necessary, to ensure as far as possible their progress within the organisation. Any reasonable amendments to equipment or work facilities needed to ensure the normal continuation of their work are made as appropriate.

Business Relationships

The directors have had regard to the company's need to foster business relationships with suppliers, customers and others. Further information is provided in our Strategic Report.

Streamlined Energy and Carbon Reporting (SECR)

In accordance with reporting requirements for accounting periods beginning on or after 1 April 2019, the greenhouse gas (GHG) emissions and energy use by Boehringer Ingelheim Animal Health UK Limited operations in the United Kingdom during the financial period ending 31 December 2022 are recorded in the table below and include the carbon intensity metric, total gross emissions by unit turnover/revenue (tCO₂e/£M).

Emissions data for year ended 31 December 2022	2022	2021
Energy consumption: Fuels (MWh)	5,116	5,205
Purchases electricity/heat/steam (MWh)	5,682	5,544
Total energy consumption (MWh)	10,798	10,749
Emissions from energy consumption tCO ₂ e	2,088	2,282
Emissions from other activities (water extraction and waste tCO ₂ e)	44	49
Business travel	261	63
GHG emissions by scope		
Scope 1	175	1,143
Scope 2	-	1,547
Scope 3	93	118
Total Scope 1, Scope 2 and Scope 3 emissions tCO₂e	268	2,808
Total emissions	2,661	5,202
Total GHG emissions per unit turnover (tCO₂e/£M)	0.02	0.03

All data converted to kgCO₂e using United Kingdom Government GHG Conversion Factors. Multiplied by 0.001 to calculate tCO₂e

Boehringer Ingelheim Animal Health UK Limited is committed to making all reasonable efforts to minimise the impact placed on the environment as a result of business activities. As an organisation it seeks to reduce the burden placed on the environment through sustainable business practices and providing sustainable products and services globally by regularly reviewing the environmental aspects and impacts associated with the company's activities and monitoring environmental performance and ensure a process of continual improvement is maintained. Non-essential air travel is discouraged throughout the business, and the holding of virtual meetings has been supported by an increase in the provision of audio and video conferencing technology.

Directors' Report (continued)
For the Year Ended 31 December 2022

Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

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 directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom accounting standards and applicable law (United Kingdom Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmations

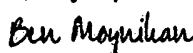
In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

C.H. Boehringer Sohn AG & Co. KG has appointed KPMG LLP as its group auditors and they have also been appointed as auditors of this company.

The financial statements on pages 9 to 28 were approved by the Board of Directors on 25 May 2023 and signed on its behalf by

DocuSigned by:

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B Moynihan
Director

Independent Auditor's Report to the members of Boehringer Ingelheim Animal Health UK Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Boehringer Ingelheim Animal Health UK Limited ("the company") for the year ended 31 December 2022 which comprise the Statement of Comprehensive Income, Balance Sheet and Statement of Changes in Equity and related notes, including the accounting policies in note 3.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (United Kingdom) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, United Kingdom ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, management and inspection of policy documentation as to the company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board of Directors minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

Independent Auditor's Report to the members of Boehringer Ingelheim Animal Health UK Limited (continued)

As required by auditing standards, we perform procedures to address the risk of management override of controls in particular the risk that management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as going concern assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because the volume of revenue delivered close to the year end is low and the delivery times are very short which reduces the opportunity for management to manipulate revenues.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of some of the fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included those unusual combinations with cash and revenue.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of company's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws and Veterinary Medicines Regulations recognizing the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic Report and Directors' Report

The directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Independent Auditor's Report to the members of Boehringer Ingelheim Animal Health UK Limited (continued)

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

Michael Crowson

Michael Crowson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
2 Forbury Place
33 Forbury Road
Reading
RG1 3AD

25/5/2023

**Statement of Comprehensive Income
 For the Year Ended 31 December 2022**

	Note	2022 £000	2021 £000
Turnover	5	166,396	150,422
Cost of sales		(96,227)	(95,776)
Gross profit		70,169	54,646
Distribution costs		(4,075)	(4,179)
Administrative expenses		(61,299)	(57,755)
Other operating income	6	582	6,688
Operating profit/(loss)	6	5,377	(600)
Interest receivable and similar income		10	-
Interest payable and similar expenses	8	(1,160)	(641)
Profit/(loss) before tax		4,227	(1,241)
Tax on (profit)/loss	9	(2,704)	1,027
Profit/(loss) for the financial year		1,523	(214)

The notes on pages 12 to 28 form part of these financial statements.

All income and expenses have been dealt with through the Statement of Comprehensive Income, there is no other comprehensive income.

Boehringer Ingelheim Animal Health UK Limited
Annual Report and Financial Statements
31 December 2022

Balance Sheet
As at 31 December 2022

	Note	2022 £000	2021 £000
Intangible assets	10	6,251	7,340
Tangible assets	11	20,368	20,534
		<u>26,619</u>	<u>27,874</u>
Current assets			
Stocks	12	58,574	63,741
Debtors: amounts falling due within one year	13	26,544	32,586
		<u>85,118</u>	<u>96,327</u>
Creditors: amounts falling due within one year	15	(87,569)	(103,435)
Creditors: amounts falling due after more than one year	16	(1,854)	-
		<u>(89,423)</u>	<u>(103,435)</u>
Net current liabilities		<u>(4,305)</u>	<u>(7,108)</u>
Total assets less current liabilities		<u>22,314</u>	<u>20,766</u>
Provisions for liabilities	17	(89)	(64)
		<u>(89)</u>	<u>(64)</u>
Net assets		<u><u>22,225</u></u>	<u><u>20,702</u></u>
Capital and reserves			
Called up share capital	19	1,850	1,850
Share premium account		29,348	29,348
Profit and loss account deficit		(8,973)	(10,496)
		<u>22,225</u>	<u>20,702</u>
Total equity		<u><u>22,225</u></u>	<u><u>20,702</u></u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 25 May 2023.

DocuSigned by:
Vani Manja
Ms V Manja
Director

Boehringer Ingelheim Animal Health UK Limited
Company No. 01961886

The notes on pages 12 to 28 form part of these financial statements.

**Statement of Changes in Equity
For the Year Ended 31 December 2022**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
Balance as at 1 January 2021	1,850	29,348	(10,282)	20,916
Comprehensive income for the year				
Loss for the year	-	-	(214)	(214)
Total comprehensive income for the year	-	-	(214)	(214)
Balance as at 31 December 2021	<u>1,850</u>	<u>29,348</u>	<u>(10,496)</u>	<u>20,702</u>
Balance as at 1 January 2022	1,850	29,348	(10,496)	20,702
Comprehensive income for the year				
Profit for the year	-	-	1,523	1,523
Total comprehensive expense for the year	-	-	1,523	1,523
Balance as at 31 December 2022	<u>1,850</u>	<u>29,348</u>	<u>(8,973)</u>	<u>22,225</u>

The notes on pages 12 to 28 form part of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

1. General information

Boehringer Ingelheim Animal Health UK Limited is a private company limited by share capital, incorporated in the United Kingdom and registered in England and Wales under company number 01961886. Its registered office address is Ellesfield Avenue, Bracknell, Berkshire RG12 8YS.

2. Statement of compliance

The financial statements of Boehringer Ingelheim Animal Health UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102') and the Companies Act 2006.

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

(a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

(b) Going Concern

Notwithstanding net current liabilities of £4.3m the financial statements have been prepared on a going concern basis which the directors consider appropriate for the following reasons:

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements ("the going concern period") which indicate that, taking account of reasonably possible downsides and the company's continued access to the Boehringer Ingelheim Auslandsbeteiligungs GmbH cash-pooling facility, the company will have sufficient funds to meet its liabilities as they fall due for that period.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

3. Accounting policies (continued)

(c) Financial Reporting Standard 102 - reduced disclosure exemptions

FRS 102 allows a qualifying entity certain disclosure exemptions. The exemptions that have been utilised are:

- (i) a reconciliation of the number of shares outstanding at the beginning and end of the period. [FRS 102 para 4.12(a)(iv)]; and
- (ii) preparing a statement of cashflows, on the basis that it is a qualifying entity and its ultimate parent company, C.H.Boehringer Sohn AG & Co. KG includes the company's cash flows in its own consolidated financial statements. [FRS 102 paragraph 1.12(b)].

(d) Foreign currency translation

The company's functional and presentation currency is the pound sterling. Monetary assets and liabilities are converted into local currency at the exchange rate as at the balance sheet date, with any gains or losses recognised in the profit and loss statement. Transactions during the year are converted into local currency at the exchange rate prevailing in the month of the transaction.

(e) Revenue recognition

Revenue represents the sale of goods at invoiced value, excluding value added tax, less rebates and discounts, on an accruals basis. Revenue is recognised when the product is despatched to the customer and the significant risks and rewards of ownership have been transferred to the customer. An estimate is made of outstanding rebates due on sales made during the year based on available information and management judgement.

Other operating income includes the intra-group recharge of costs for provision of manufacturing and services to other group companies.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

3. Accounting policies (continued)

(f) Employee benefits

(i) Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

(g) Current and deferred taxation

Tax expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred tax assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

3. Accounting policies (continued)

(g) Current and deferred taxation (continued)

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

(h) Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Software

Amortisation is calculated, using the straight line method, to allocate the depreciable amount of the assets to their residual values over their estimated useful lives, as follows:

Software	- 20 - 33%
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Goodwill

Goodwill represents the excess of the fair value of the consideration given over the fair value of identifiable net assets acquired. Goodwill arising on acquisitions has been capitalised and is amortised through the Statement of Comprehensive Income on a straight-line basis over its estimated economic life. Goodwill is assessed for impairment when there are indicators of impairment. Any impairment is charged to the Statement of Comprehensive Income. No reversals of impairment are recognised.

Goodwill of £10.9m arising on the acquisition of the animal health business in 2018 (see note 10) has been capitalised and is amortised through the Statement of Comprehensive Income on a straight-line basis over its estimated economic life which has been assessed by the directors to be 10 years.

**Notes to the Financial Statements
For the Year Ended 31 December 2022****3. Accounting policies (continued)****(i) Tangible assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and any accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

(i) Leasehold building and land improvements

Leasehold building and land improvements are stated at deemed cost less accumulated depreciation and any accumulated impairment losses.

(ii) Plant, machinery and equipment

Plant, machinery and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

(iii) Depreciation and residual values

Depreciation is calculated, using the straight-line method, to allocate the cost to their residual values over their estimated useful lives as follows:

Leasehold building and land improvements	-	5 - 10%
Plant, machinery and equipment	-	7 - 33%

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

(iv) Subsequent additions

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the company and the cost can be measured reliably.

The carrying amount of any replaced asset is derecognised.

Repairs, maintenance and minor inspection costs are expensed as incurred.

(v) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss and included in 'Other operating expenses'.

(j) Leased assets

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

(i) Operating leased assets

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

3. Accounting policies (continued)

(j) Leased assets (continued)

(ii) Finance leased assets

The company does not hold any assets under finance leases.

(k) Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Stocks are recognised as an expense in the period in which the related revenue is recognised.

Cost includes the purchase price, including taxes, duties, transport and handling directly attributable to bringing the stock to its present location and condition.

At the end of each reporting period stocks are assessed for any impairment. If an item of stock is impaired, the identified stock is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the Statement of Comprehensive Income. Where a reversal of the impairment is recognised the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the Statement of Comprehensive Income.

(l) Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable and intercompany balances.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(m) Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

Notes to the Financial Statements
For the Year Ended 31 December 2022

(n) Share capital

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

(o) Reserves

Share premium and other reserves are recognised as a liability in the financial statements in the period in which movements in these reserves occur. These amounts are recognised in the statement of changes in equity. Retained earnings represents accumulated comprehensive income for the year and prior periods less dividends paid.

(p) Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

4. Critical accounting estimates and assumptions

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Rebates

Sales rebate accruals are established in the same period as the related sales. The sales rebate accruals are recorded as a reduction in sales and are included in the relevant balance sheet account. The accruals are based upon historical rebate payments and also take into account future expectations on rebate payments. They are calculated based upon a percentage of sales for each product as defined by the contracts with the various customer groups. Regular reviews within the business are mandatory to ensure external factors are taken into consideration in the calculation of any required accruals.

(ii) Stocks

It is necessary to consider the recoverability of the cost of stock and the associated provisioning required. When calculating the stock provision, management considers the nature and condition of the stock, as well as applying assumptions around anticipated saleability of finished goods and future usage of raw materials. See note 12 for net carrying amount of the stock.

**Notes to the Financial Statements
For the Year Ended 31 December 2022****5. Turnover**

Analysis of turnover by geographical market:

	2022 £000	2021 £000
United Kingdom	128,373	119,448
Rest of the World	38,023	30,974
	<u>166,396</u>	<u>150,422</u>

Analysis of turnover by category:

	2022 £000	2021 £000
Animal Health	166,396	150,422
	<u>166,396</u>	<u>150,422</u>

6. Operating profit/loss

The operating profit/loss is stated after charging/(crediting):

	2022 £000	2021 £000
Wages and salaries	16,032	17,659
Social security costs	2,797	2,478
Other pension costs	1,628	1,739
Staff costs	<u>20,457</u>	<u>21,876</u>
Depreciation of tangible fixed assets (note 11)	2,187	1,888
Loss on disposal of tangible fixed assets	-	57
Amortisation of intangible assets (note 10)	1,089	1,089
Foreign exchange (gain)/loss for the year	(413)	316
Impairment of stock (included in 'cost of sales')	3,925	7,575
Stock recognised as an expense	88,332	88,482
Operating lease payments	841	960
Other operating income	(582)	(6,688)
Fees paid to the company's auditor for:		
- Audit of the company	86	74
- Other services	32	104

Other operating income includes the inter group recharge of costs for provision of manufacturing and services to other group companies.

Notes to the Financial Statements
For the Year Ended 31 December 2022

7. Employees and directors

Employees

The average monthly number of employees, including the directors, during the year was as follows:

	2022	2021
	No.	No.
Production	121	116
Selling and distribution	89	91
Office and management	44	51
	<u>254</u>	<u>258</u>

Directors

The directors' emoluments were as follows:

	2022	2021
	£000	£000
Aggregate emoluments	482	401

Number of directors in defined contribution pension scheme

2

1

One director (2021: one) is accruing benefits under a long term incentive scheme.

Highest paid director

The highest paid director's emoluments were as follows:

Total amount of emoluments and amounts (excluding shares) receivable under long term incentive schemes	405	401
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The highest paid director has accrued benefits under a long term incentive scheme in 2022.

Key management remuneration

Key management includes the directors and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2022	2021
	£000	£000
Salaries and other short term benefits	873	778
Post employment benefits	52	51
	<u>925</u>	<u>829</u>

8. Interest payable and similar expenses

	2022	2021
	£000	£000
Bank interest paid	1	-
Interest on amounts owed to group undertakings	1,159	641
	<u>1,160</u>	<u>641</u>

Notes to the Financial Statements
For the Year Ended 31 December 2022

9. Tax on profit/loss

(a) Tax expense included in the profit/loss:

	2022	2021
	£000	£000
Current tax		
Current income tax charge	331	-
Adjustment in respect of previous periods	297	-
	<u>628</u>	<u>-</u>
Total current tax	<u>628</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	1,049	(494)
Effect of changes in tax rates	353	-
Adjustment in respect of previous periods	674	(533)
Total deferred tax	<u>2,076</u>	<u>(1,027)</u>
Tax on profit/(loss)	<u>2,704</u>	<u>(1,027)</u>

Notes to the Financial Statements
For the Year Ended 31 December 2022**9. Tax on profit (continued)****(b) Reconciliation of tax charge/(credit)**

The tax assessed on the profit/(loss) before taxation for the year is lower (2021: lower) than the standard rate of corporation tax in the United Kingdom of 19% (2021: 19%). The differences are reconciled below:

	2022 £000	2021 £000
Profit/(loss) before taxation	4,227	(1,241)
Profit/(loss) multiplied by standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	803	(236)
Effects of:		
Expenses not deductible for tax purposes	517	41
Adjustments in respect of previous periods	971	(533)
Timing differences recognised	-	(386)
Tax rate changes	353	-
Deferred tax not provided	60	-
Tax losses carried forward	-	87
Total tax charge/(credit) for the year	2,704	(1,027)

(c) Tax rate changes

The United Kingdom corporation tax rate for the period is 19%. The 2021 United Kingdom Budget on 3 March 2021 announced an increase to the United Kingdom's main corporation tax rate to 25%, effective from 1 April 2023. These changes were substantively enacted at the balance sheet date and therefore deferred taxes on the balance sheet have been measured at 25%.

Notes to the Financial Statements
For the Year Ended 31 December 2022

10. Intangible assets

	Goodwill	Computer software	Total
	£000	£000	£000
Cost			
At 1 January 2022	10,875	13	10,888
Additions	-	-	-
Disposals	-	-	-
At 31 December 2022	10,875	13	10,888
Accumulated amortisation			
At 1 January 2022	3,536	12	3,548
Charge for the year	1,088	1	1,089
Disposals	-	-	-
At 31 December 2022	4,624	13	4,637
Net book value			
At 31 December 2022	6,251	-	6,251
At 31 December 2021	7,339	1	7,340

The goodwill arose on the acquisition of the animal health business from Boehringer Ingelheim Limited in 2018.

Notes to the Financial Statements
For the Year Ended 31 December 2022

11. Tangible assets

	Leasehold building and land improvements £000	Plant, machinery and equipment £000	Total £000
Cost or valuation			
At 1 January 2022	16,089	36,935	53,024
Additions	11	2,010	2,021
Disposals	-	-	-
At 31 December 2022	16,100	38,945	55,045
Accumulated depreciation			
At 1 January 2022	14,350	18,140	32,490
Charge for the year	205	1,982	2,187
Disposals	-	-	-
At 31 December 2022	14,555	20,122	34,677
Net book value			
At 31 December 2022	1,545	18,823	20,368
At 31 December 2021	1,739	18,795	20,534

Notes to the Financial Statements
For the Year Ended 31 December 2022

12. Stocks

	2022	2021
	£000	£000
Raw materials and work in progress	19,797	20,764
Finished goods and goods for resale	38,777	42,977
	<u>58,574</u>	<u>63,741</u>

13. Debtors: amounts falling due within one year

	2022	2021
	£000	£000
Trade debtors	23,785	28,280
Amounts owed by group undertakings	306	1,619
Other debtors	332	444
Prepayments and accrued income	1,098	1,054
Tax recoverable	638	582
Deferred taxation (note 14)	385	607
	<u>26,544</u>	<u>32,586</u>

Amounts owed by group undertakings are current, unsecured and repayable on demand. Interest is earned on amounts receivable at SONIA less 0.25% (2021: LIBOR less 0.25%).

14. Deferred tax

	2022	2021
	£000	£000
Accelerated capital allowances	(1,854)	(766)
Tax losses carried forward	-	1,016
Other short term timing differences	385	357
Net deferred tax (liability)/asset	<u>(1,469)</u>	<u>607</u>

The movement on deferred tax comprises:

	2022	2021
	£000	£000
Deferred tax asset/(liability) as 1 January	607	(420)
Deferred tax (charge)/credit in the income statement	(2,076)	1,027
Deferred tax (liability)/asset at 31 December	<u>(1,469)</u>	<u>607</u>

Notes to the Financial Statements
 For the Year Ended 31 December 2022

14. Deferred tax (continued)

Deferred tax in the Statement of Comprehensive Income:

	2022	2021
	£000	£000
Accelerated capital allowances	(574)	361
Tax losses carried forward	(854)	341
Other short term timing differences	26	325
Prior year charge	(674)	-
Deferred tax (charge)/credit	(2,076)	1,027

Unrecognised tax losses

A deferred tax asset has not been recognised in respect of £0.3m (2021: nil) of losses due to the lack of evidence that it is probable that suitable taxable profits will arise in the foreseeable future against which these losses can be utilised

15. Creditors: Amounts falling due within one year

	2022	2021
	£000	£000
Trade creditors	3,965	4,252
Amounts owed to group undertakings	61,198	73,860
Other taxation and social security	3,199	4,238
Other creditors	33	23
Accruals and deferred income	19,174	21,062
	87,569	103,435

Amounts owed to group undertakings are current, unsecured and repayable on demand. Interest is charged on amounts owed at SONIA plus 0.75% (2021: LIBOR plus 0.75%).

Notes to the Financial Statements
For the Year Ended 31 December 2022

16. Creditors: Amounts falling due after more than one year

	2022 £000	2021 £000
Deferred taxation (note 14)	1,854	-
	<u>1,854</u>	<u>-</u>

17. Provisions for liabilities

	2022 £000
	SMP
At 1 January	64
Profit and loss account	55
Provision utilised in year	(30)
At 31 December	<u>89</u>

The Senior Management Programme (SMP) is a bonus scheme based on the global performance of the Boehringer Ingelheim Group and is paid out when certain conditions are met.

18. Financial instruments

The company has the following financial instruments:

	Note	2022 £000	2021 £000
Financial assets that are debt instruments measured at amortised cost:			
Trade debtors	13	23,785	28,280
Amounts owed by group undertakings	13	306	1,619
Other debtors	13	332	444
		<u>24,423</u>	<u>30,343</u>
Financial liabilities measured at amortised cost:			
Trade creditors	15	3,965	4,252
Amounts owed to group undertakings	15	61,198	73,860
Other creditors	15	33	23
Accruals and deferred income	15	19,174	21,062
		<u>84,370</u>	<u>99,197</u>

**Notes to the Financial Statements
For the Year Ended 31 December 2022**

19. Called up share capital	2022	2021
	£000	£000

Shares classified as equity**Allotted, called up and fully paid**

1,850,000 (2021: 1,850,000) Ordinary shares of £1 each	1,850	1,850
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No dividends have been proposed or paid in the year (2021: £nil).

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20. Capital commitments

At 31 December 2022 the company had capital commitments as follows:

	2022	2021
	£000	£000
Contracted for but not provided in these financial statements	981	379
	981	379

21. Commitments under operating leases

At 31 December 2022 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2022	2021
	£000	£000
Not later than 1 year	748	704
Later than 1 year and not later than 5 years	923	1,372
	1,671	2,076

22. Ultimate parent undertaking and controlling party

The company is controlled by its immediate holding company **Boehringer Ingelheim Animal Health International GmbH**, which is incorporated in Germany.

The ultimate parent company and controlling party is **C. H. Boehringer Sohn AG & Co. KG**, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The consolidated financial statements are publicly available at: **Boehringer Ingelheim, Binger Strasse 173, 55216 Ingelheim am Rhein, Germany**.