

**Maelor Laboratories Limited**

**Annual report and financial statements for the year ended 31 December 2018**



Company no 03357249

# **Maelor Laboratories Limited**

## **Company Information**

Company registration number

03357249

Registered office

Avonbridge House  
Bath Road  
Chippenham  
Wiltshire  
SN15 2BB

Directors

J Dawson (*resigned 30 April 2018*)  
P J Butterfield  
A T Franklin  
A J H Duggan (*appointed 1 June 2018*)  
S M Kidner (*appointed 1 June 2018*)

Secretary

C T Chrysanthou

Bankers

Royal Bank of Scotland  
3<sup>rd</sup> Floor  
3 Temple Back East  
Bristol  
BS1 6DZ

# Maelor Laboratories Limited

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# Maelor Laboratories Limited

## Strategic report

The Directors present their annual report and the financial statements of the Company for the year ended 31 December 2018.

### Principal Activity

The trade and assets of the company were hived up into Alliance Pharmaceuticals Limited on 31 March 2017, with the exception of debtors, cash and payables which continued to be collected/paid throughout 2018 and 2019.

### Business Review and dividends

The results of the Company for the twelve months to 31 December 2018 show turnover of £nil (2017: £5,616,000) and a loss before tax of £419,000 (2017: profit before tax of £1,121,000).

Net assets at 31 December 2018 were £0.4m (31 December 2017: £6.6m).

The company has declared and paid dividends of £5.8m (2017: £nil) during the year to the intermediate parent company Alliance Pharmaceuticals Limited.

### Key performance indicators

The operations of Maelor Laboratories Limited are managed at Alliance Pharma plc group level and the directors therefore believe that disclosure of key performance indicators for the Company are not appropriate to understand the performance or position of the business, with the exception of those disclosed in the business review. The performance of Alliance Pharma plc is disclosed in the Group's annual report and financial statements which are publically available and do not form part of this report.

### Future developments and outlook

Maelor Laboratories Limited is expected to be a dormant company from 1 January 2020.

### Principal risks and uncertainties

The Directors of Alliance Pharma plc, the Company's ultimate parent undertaking, manage the Group's risks at a group level, rather than at an individual business unit level. The principal risks and uncertainties of the Alliance Pharma plc Group, which include those of the Company, and how they are managed are disclosed in the Strategic Report of the Group's annual report which does not form part of this report.

## BY ORDER OF THE BOARD



**Chrysanthos Chrysanthou**

Company Secretary

26 June 2019

# **Maelor Laboratories Limited**

## **Directors' report**

### **Directors**

The Directors who served the Company during the year were as follows:

J Dawson (resigned 30 April 2018)

PJ Butterfield

AT Franklin

A J H Duggan (appointed 1 June 2018)

S M Kidner (appointed 1 June 2018)

### **Financial instruments**

The Company does not enter into any hedging instruments or financial instruments for speculative purposes.

Appropriate trade terms are negotiated with suppliers and customers. Management review these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The Company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall Alliance Pharma plc financing arrangements.

### **Political contributions**

The Company made no political donations or incurred any political expenditure during the year.

## **BY ORDER OF THE BOARD**



**Chrysanthos Chrysanthou**

Company Secretary

26 June 2019

Avonbridge House

Bath Road

Chippenham

Wiltshire

SN15 2BB

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## Maelor Laboratories Limited

### Statement of Directors' responsibilities in respect of the Strategic report, 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 UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use 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.

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.

**Maelor Laboratories Limited**  
**Profit and Loss Account**  
**For the year ended 31 December 2018**

	Note	Year ended 31 December 2018 £'000s	Year ended 31 December 2017 £'000s
<b>Revenue</b>	4	-	5,616
Cost of sales		-	(3,441)
<b>Gross profit</b>		-	2,175
Administrative expenses		(176)	(723)
<b>Operating (loss)/profit</b>		(176)	1,452
Interest receivable and similar income	6	-	39
Interest payable and similar expenses	7	(243)	(370)
<b>(Loss)/profit before taxation</b>		(419)	1,121
Tax on profit	9	77	206
<b>(Loss)/profit for the year</b>		(342)	1,327

There were no recognised gains and losses other than the loss for the year (2017: no recognised gains and losses) as noted above and therefore no separate Statement of Comprehensive Income has been prepared.

All the results shown in the profit and loss account, derive from continuing operations. The notes on pages 9 to 14 form part of these financial statements.

**Maelor Laboratories Limited**  
**Balance sheet**  
**At 31 December 2018**

	Note	31 December 2018 £000s	31 December 2018 £000s	31 December 2017 £000s	31 December 2017 £000s
<b>Current assets</b>					
Debtors	10	229		15,997	
Cash at bank and in hand	11	198		89	
		<u>427</u>		<u>16,086</u>	
<b>Creditors: amounts falling due within one year</b>	12	-		(9,502)	
		-		(9,502)	
<b>Net current assets</b>			<u>427</u>		<u>6,584</u>
<b>Total assets less current liabilities</b>			<u>427</u>		<u>6,584</u>
<b>Net assets</b>			<u>427</u>		<u>6,584</u>
<b>Capital and reserves</b>					
Called up share capital	13	-		-	
Profit and loss account		427		6,584	
<b>Shareholders' funds</b>			<u>427</u>		<u>6,584</u>

Directors' responsibilities:

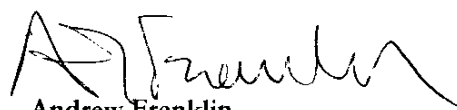
- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

For the year ending 31/12/2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The financial statements were approved by the Board of Directors on 26 June 2019 and were signed on its behalf by:



**Peter Butterfield**  
Director



**Andrew Franklin**  
Director

Company number 03357249

The accompanying accounting policies and notes form an integral part of these financial statements.



**Maelor Laboratories Limited**  
**Statement of changes in shareholders' equity**  
**At 31 December 2018**

	Ordinary share capital £000s	Profit and loss account £000s	Total equity £000s
Balance at 31 December 2017	-	6,584	6,584
Loss for the year	-	(342)	(342)
<b>Total comprehensive expense for the year</b>	-	(342)	(342)
Dividend paid	-	(5,815)	(5,815)
<b>Transactions with owners</b>	-	(5,815)	(5,815)
<b>Balance at 31 December 2018</b>	-	427	427
Balance at 31 December 2016	-	5,257	5,257
Profit for the period	-	1,327	1,327
Total comprehensive income for the period	-	1,327	1,327
Balance at 31 December 2017	-	6,584	6,584

The accompanying accounting policies and notes form an integral part of these financial statements.

# **Maelor Laboratories Limited**

## **Notes to the financial statements continued**

### **For the year ended 31 December 2018**

#### **1. General information and principal accounting policies**

##### **General information**

Maelor Laboratories Limited was acquired by Alliance Pharmaceuticals Limited on 17 December 2015 from Sinclair IS Pharma plc. Prior to the acquisition, the company was dormant and commenced trading on 17 December 2015.

The principal activity of the Company was the selling and marketing of pharmaceutical products and medical devices through third party wholesalers and distributors. The trade and assets of the Company were hived up into Alliance Pharmaceuticals Limited on 31 March 2017, with the exception of debtors, cash and payables. After final debtors and payables have been realised, cash will transfer to Alliance Pharmaceuticals Limited through a dividend distribution and Maelor Laboratories Limited is expected to be a dormant company from 1 January 2020.

The Company is a private company limited by shares incorporated, domiciled and registered in England under the Companies Act. The address of its registered office is Avonbridge House, Bath Road, Chippenham, Wiltshire, SN15 2BB.

#### **2. 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 periods presented.

##### **2.1 Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel;

As the consolidated financial statements of Alliance Pharma plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

##### **2.2 Going concern**

At the balance sheet date the Company had net current assets of £427,000 (2017: £6,584,000) and net assets of £427,000 (2017: £6,584,000). Alliance Pharma plc has confirmed that it will provide the necessary financial support for at least 12 months from the date of approval of these financial statements to enable the Company to meet its liabilities as they fall due. The Company's external liabilities will be settled before proposed dormant status is assumed. The directors of the Company have made appropriate enquiries of the directors of Alliance Pharma plc to confirm that they are satisfied that the financial support will be available and accordingly continue to prepare the financial statements on a going concern basis.

##### **2.3 Judgements and estimates**

The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances relevant. Actual results may differ from these estimates.

**Maelor Laboratories Limited**  
**Notes to the financial statements continued**  
**For the year ended 31 December 2018**

**2. Summary of significant accounting policies** (continued)

**2.3 Judgements and estimates** (continued)

The estimates and underlying assumptions are reviewed by the Directors on an on-going basis. Revisions to accounting estimates are recognised in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

**2.4 Revenue Recognition**

The Company has updated its accounting policy for Revenue in line with IFRS 15 Contracts with Customers. The new policy is described below and the impact of the change in note 3.

**Identification of performance obligations**

Revenue comprises consideration received or receivable for the sale of goods in the ordinary course of the Company's activities, namely the distribution of pharmaceutical products. The Company also receives royalties in relation to certain agreements with distributors in exchange for the licensed use of intellectual property and trademarks owned by the Group, which are generally based on sales volumes. The Company has assessed the performance obligations as being each unit of good sold either by the Company or by a distributor.

**Transaction price**

The transaction price for each performance obligation comprises the stand-alone selling price for the product excluding value-added tax and net of rebates and discounts. Intra-group sales are eliminated in the consolidated financial statements.

Royalty income and the deductions relating to rebates and discounts are based on the Group's contractual obligations. Certain of the royalty and rebate arrangements also include elements of variable consideration. The Group does not consider these elements to be significant, however an estimate of variable consideration is included where appropriate.

The Company has considered whether it is an 'agent' or 'principal' under IFRS 15 for each commercial arrangement and accounted for these accordingly.

**Timing of recognition**

Under IFRS 15 an entity recognises revenue when it satisfies a performance obligation by transferring a good to a customer. An entity transfers a good to a customer when the customer obtains control of that good. Control may be transferred either at a point in time or over time. For the Company, revenue is recognised at a point in time when customers have control of the sold goods, or on an appropriate basis where royalty or other arrangements are in place with third parties.

The Company does not consider that judgements made in evaluating when customers obtain control of a promised good to have significantly influenced the timing of revenue recognition in the year.

**2.5 Foreign currency transactions**

The financial statements are presented in Sterling, which is the presentational currency of the Company. Foreign currency transactions are booked at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are retranslated into local currency at the rate of exchange ruling at the balance sheet date. Exchange differences are booked to the profit and loss account.

**2.6 Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year. Deferred tax is calculated using tax rates enacted or substantively enacted at the balance sheet date, along with any adjustment to tax payable in respect of previous years.

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**Maelor Laboratories Limited**  
**Notes to the financial statements continued**  
**For the year ended 31 December 2018**

**2. Summary of significant accounting policies (continued)**

**2.7 Trade creditors**

Trade creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

**2.8 Trade debtors**

Trade debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. The Company's debtors are subject to the IFRS 9 expected credit loss model. The Company has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance based on historic default rates.

**2.9 Cash at bank and in hand**

Cash at bank and in hand comprises cash balances and call deposits.

**2.10 Shareholders' funds**

Shareholders' funds comprise the following:

"Ordinary share capital" represents the nominal value of equity shares.

"Profit and loss account" represent retained profit.

**2.11 Group Reconstructions**

On group reconstructions or hive ups assets can be transferred to Group companies at book value. No profit on disposal is recognised in the Company accounts if amounts are settled by an equal amount of consideration.

**3. Changes in accounting policies**

This is the first set of the Company's financial statements where IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have been applied.

The Company has opted to apply the retrospective approach under IFRS 15 meaning the prior period has been restated to show the impact of adoption from 1 January 2017. Adoption of IFRS 15 and 9 had no impact on the prior year comparatives.

**Maelor Laboratories Limited**  
**Notes to the financial statements continued**  
**For the year ended 31 December 2018**

**4. Revenue**

The following revenue information is based on the geographical location of the customer:

	Year ended 31 December 2018 £000s	Year ended 31 December 2017 £000s
United Kingdom	-	1,869
Rest of Europe	-	1,333
Rest of the World	-	2,414
<b>Total Revenue</b>	<b>-</b>	<b>5,616</b>

**5. Expenses and auditor's remuneration**

**Included in profit/(loss) are the following:**

	Year ended 31 December 2018 £ 000s	Year ended 31 December 2017 £ 000s
Net gain/(loss) on foreign exchange transactions	(243)	39
Write down of stock	-	89

**Auditor's remuneration:**

	Year ended 31 December 2018 £ 000s	Year ended 31 December 2017 £ 000s
Audit of these financial statements	-	3

For the year ending 31 December 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

**6. Interest receivable and similar income**

	Year ended 31 December 2018 £ 000s	Year ended 31 December 2017 £ 000s
Net exchange gains	-	39

**7. Interest payable and similar expenses**

	Year ended 31 December 2018 £ 000s	Year ended 31 December 2017 £ 000s
Intercompany interest	-	368
Other interest payable	-	2
Net exchange losses	243	-
	<b>243</b>	<b>370</b>

**Maelor Laboratories Limited**  
**Notes to the financial statements continued**  
**For the year ended 31 December 2018**

**8. Staff costs and Directors' remuneration**

The Company had no employees in the year ended 31 December 2018 (2017: nil).

**9. Taxation**

Analysis of the credit for the period is as follows:

	Year ended 31 December 2018 £ 000s	Year ended 31 December 2017 £ 000s
<b>Current tax:</b>		
In respect of current period	(77)	128
Adjustment in respect of prior periods	-	64
<b>Deferred tax:</b>		
Origination and reversal of timing differences	-	(1,198)
Adjustment in respect of prior periods	-	800
<b>Taxation</b>	<b>(77)</b>	<b>(206)</b>

The difference between the total taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Year ended 31 December 2018 £ 000s	Year ended 31 December 2017 £ 000s
(Loss)/profit before tax	(419)	1,121
(Loss)/profit before tax multiplied by standard rate of corporation tax in the United Kingdom of 19.00% (2017: 19.25%)	(80)	216
Effect of:		
Non-deductible expenses	3	8
Adjustment in respect of prior period	-	864
Impact of reduction in UK tax rate on deferred tax	-	(14)
Transfer of deferred tax to group undertaking upon hive up	-	(1,280)
<b>Total taxation</b>	<b>(77)</b>	<b>(206)</b>

**10. Debtors**

	31 December 2018 £ 000s	31 December 2017 £ 000s
Trade debtors	-	273
Amounts owed by Group undertakings	-	15,290
Other taxes and social security costs	14	429
Other debtors	215	5
	<b>229</b>	<b>15,997</b>

**Maelor Laboratories Limited**  
**Notes to the financial statements continued**  
**For the year ended 31 December 2018**

**11. Cash at bank and in hand**

	<b>31 December 2018</b>	31 December 2017
	<b>£ 000s</b>	£ 000s
Cash at bank and in hand	<b>198</b>	89

**12. Creditors: amounts falling due within one year**

	<b>31 December 2018</b>	31 December 2017
	<b>£ 000s</b>	£ 000s
Trade creditors	-	2
Amounts owed to Group undertakings	-	9,460
Other taxes and social security costs	-	40
	<b>-</b>	<b>9,502</b>

**13. Called up share capital**

	<b>31 December 2018</b>	31 December 2017
	<b>£</b>	£
<b>Authorised:</b>		
2 Ordinary shares of £1 each	<b>2</b>	2
	<b>2</b>	2
	<b>31 December 2018</b>	31 December 2017
	<b>£</b>	£
<b>Allotted, called up and fully paid:</b>		
2 Ordinary shares of £1 each	<b>2</b>	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

**14. Hive up of trade and assets**

On the 31 March 2017 the trade and certain assets of the Company were transferred at net book value to the Company's intermediate parent undertaking, Alliance Pharmaceuticals Limited.

**15. Capital Commitments**

The Company had no capital commitments at 31 December 2018 (2017: nil).

The Company had no commitments under non-cancellable operating leases (2017: nil).

**16. Ultimate parent company**

The Directors consider that the controlling party of the Company is its ultimate parent undertaking, Alliance Pharma plc. This is by virtue of its 100% shareholding of the Company's parent undertaking, Alliance Pharmaceuticals Limited. The registered office address of Alliance Pharma plc is Avonbridge House, Bath Road, Chippenham, Wiltshire, SN15 2BB. The largest and smallest Group undertaking for which group accounts have been prepared is that prepared by Alliance Pharma plc. These accounts are available from the registered office of this company.

There is no single ultimate controlling party.

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**Maelor Laboratories Limited**  
**Notes to the financial statements continued**  
**For the year ended 31 December 2018**

**15. Related party transactions**

The Company has taken advantage of FRS 101 which exempts the Company from disclosing transactions entered into with other Group companies, provided those companies are also wholly owned.