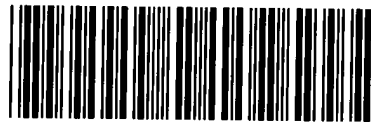


Company Registration No. 03783386 (England and Wales)

MEDPHARM LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2019

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COMPANIES HOUSE

MEDPHARM LIMITED

COMPANY INFORMATION

Directors	M B Brown A G Muddle D Parker T Wahlbrink
Secretary	Pennsec Limited
Company number	03783386
Registered office	Unit 3 Chancellor Court 50 Occam Road Surrey Research Park Guildford GU2 7AB
Auditor	RSM UK Audit LLP Chartered Accountants One London Square Cross Lanes Guildford Surrey GU1 1UN

MEDPHARM LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the Strategic Report for the year ended 31 December 2019.

The comparative reporting period was shortened to bring the period end date in line with the new immediate parent entity, MedPharm Holdco Limited. These financial statements cover the 12 month period from 1 January 2019 to 31 December 2019 and the comparative amounts presented in these financial statements (including the related notes) reflect the 5 month period from 1 August 2018 to 31 December 2018.

MedPharm Limited (Medpharm) is a leading, global provider of contract topical and transdermal product design and formulation development services.

MedPharm has fully established R&D centres in the US and UK and GMP clinical manufacturing at its global headquarters facility in Guildford, UK. Since establishment in 1999, MedPharm has already partnered with a variety of high profile clients to develop and deliver over 30 superior products to the market which are directly benefiting patients with a wide variety of conditions.

MedPharm are experts at reducing risk and accelerating development times for generic and proprietary pharmaceutical customers through proprietary, industry-leading performance testing models. Well-established as a global leader in dermatology, nail, mucosal membrane, and transdermal product development, MedPharm also offers innovative solutions for ophthalmic and airway preparations. These solutions are recognised for their scientific rigor by regulators and investors.

MedPharm also holds patented technology based on the 'patch-in-a-can' concept - "MedSpray". MedSpray benefits patients by offering the possibility of long term dosing of a product through the skin or mucosal membrane from a clear 'patch' conveniently applied as a spray from a can. It is applicable to a wide variety of products including those for curing infections or pain management. The unique dosing offers clients the opportunity to differentiate their product and potentially achieve premium pricing for extended effects. The technology is often applicable when clients are considering the life cycle management of established products.

MedPharm can support clients throughout the development process from initial API characterization to clinical manufacture. Importantly, MedPharm offers flexibility to deliver the parts of a client's development programme which best fit with their requirements. Fundamentally MedPharm will propose to clients the optimal program for their current circumstances that maximizes the chance for achieving the desired outcome and efficiently mitigates the risks associated with the project. Our strategy is aimed at leveraging and expanding the firm's unique capabilities to continue to provide clients with outstanding service, enabling them to deliver outstanding treatments for the ultimate consumer.

Business review and financial position

In March 2018, MedPharm Holdco received an equity investment from Ampersand Capital Partners and acquired MedPharm Limited. The founders have been appointed to the Holdco Board and retain a significant stake in the business. The purchase transaction provided cash to further expand the business, and facilitate a similar level of year-on-year organic growth. With a view to maintaining the current growth in business, MedPharm continued to invest in business development and marketing capabilities which resulted in revenue of £14.9m for the year ended 31 December 2019 (5 month period ended 31 December 2018: 5.7m) and revenue growth of 8.7% (prorated revenue growth for the period ended 31 December 2018: 6.9%) in the year. The new project pipeline remained strong, with a ratio of contracts to revenue of 1.36 in 2019 (period ended 31 December 2018: 1.3).

MedPharm Limited's loss for the year was £301,867 (period ended 31 December 2018: £158,018 profit). This decrease was mostly attributable due to an increase in 2019 of share-based payments and depreciation which MedPharm Limited believes have no direct correlation to the ongoing operating results of MedPharm Limited's business.

MedPharm's liquidity position has decreased, with significant investment in the MP Services lab build-out. MedPharm's working capital remains strong at £3.8m (year ended 31 July 2018: £4.1m).

MEDPHARM LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

Business review and financial position (continued)

A range of Key Performance Indicators ("KPI's") are used to monitor and manage the business and ensure focus is maintained on the key priorities, outlined below:

	31 December 2019	31 December 2018*
Revenue*	£14,992,435	£13,762,205
(Loss)/profit before tax	£(301,867)	£158,018
Working capital (net current assets)	£3,849,359	£4,136,148
Average headcount	109 staff	103 staff
Revenue per head*	£137,545	£133,614

* For the 5 month period ending 31 December 2018 these figures have been pro-rated to show a period of 12 months in order to make the data presented comparable with the current year.

Future developments

In parallel with fee for service work for our clients outlined above, MedPharm is constantly looking for opportunities to develop new formulation and drug delivery technologies which enhance clients' products, provide clinical benefits for patients and meet the increasingly stringent requirements of regulatory authorities.

MedPharm believe current services can be more broadly deployed to improve the lives of an even wider group of consumers and to do so we need to communicate with a broader market and clearly demonstrate tangible benefits to potential clients, emphasizing our top-quality, rapid and low risk development propositions.

In addition, investments in laboratory equipment are expected to continue at current levels for the next 12 months. Additional investments to expand capacity are in progress and complimentary acquisitions will be sought where significant synergies exist.

Principal risks and uncertainties

The principal risks and uncertainties facing the company are discussed below:

Financial risk management

Credit risk

MedPharm is exposed to credit risk from credit sales. It is group policy that the credit risk of customers is assessed and to factor the information from this assessment into future dealings with customers, therefore mitigating the risk. MedPharm also requires significant upfront payments from customers to cover ongoing project costs and operates stringent credit control procedures across all group companies.

Liquidity risk

The company actively manages its finances by reviewing cash flows, performance against budget and the availability of working capital to ensure that it has sufficient available funds for its operations.

Interest rate risk

The company monitors all interest bearing assets and liabilities and their financial impact.

FX risk

The company is exposed to foreign exchange fluctuation risk through expanding activities with overseas customers. The company mitigates these risks by denominating contracts in stable currencies, monitoring foreign exchange movements and planning accordingly.

Draft Financial Statements at 22 December 2020
MEDPHARM LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

Principal risks and uncertainties (continued)

COVID-19

The global pandemic has impacted companies across the globe and MedPharm Limited is not immune from this despite being in a sector that has proved relatively resilient to the social and economic changes it has caused. The company acted swiftly to prioritise staff and client safety when the situation first arose in the UK in mid-March 2020 with remote working being implemented before any Government shutdowns. The company implemented phased re-entry for non-critical staff in accordance with government standards throughout 2020. Costs and liquidity have been carefully managed during this period and as a result the business has operated profitably, continuing to be in line with pre COVID-19 budget expectations. Cash balances have remained strong; however we remain cautious on the future of the economic landscape. There is a risk that revenue for the next financial year and beyond may be negatively affected as clients manage costs and cashflow, delay projects and some clients potentially will not survive the expected downturn. The Directors believe the business is well placed to manage this risk given its wide client portfolio, resulting in little client concentration by either client number. Operating post balance sheet date has thus so far proven this to be effective with the business able to re-focus both sales and delivery resource on client areas that have proven more resilient to the economic impacts of COVID-19.

Operational risk management

Resourcing risk

MedPharm aim to be lean and as responsive to client demands as possible. Managing capacity and throughput have always been key to achieving high profitability levels. However, with increasing success in targeting blue chip clients, managing client agendas and balancing work schedules are even more critical to avoiding lost throughput.

Project risk

There are inherent risks with all research projects, which are compounded by frequent changes in client strategies, which can lead to early terminations of projects which show less favourable results. We aim to mitigate these risks via contract terms and flexible scheduling wherever possible.


Management and staff risk

The business has expanded its senior management team, which helps mitigate the risks inherent in a rapidly growing business and reduce reliance on a few key individuals. Employee engagement initiatives are being put into place to improve staff retention and build a stable knowledge base, which should provide longer term resilience.

Health and Safety

The company conducts its business in a manner that protects the safety of those involved in its operations. The company strives to prevent all accidents, injuries and occupational illnesses through its Health, Safety, Security & Environment (HSSE) Management System. This is embedded into everyday work processes at all levels of the organisation and addresses all aspects of managing safety and health, as well as security, environmental and social risks at our facilities. The company is committed to continuous efforts to identify and eliminate or manage health and safety risks associated with its activities.

On behalf of the board



A G Muddle

Director

Date: 10/02/2021

MEDPHARM LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their annual report and financial statements for the year ended 31 December 2019.

Principal activities

The principal activity of the company continued to be that of providing services to the pharmaceutical industry, specialising in developing formulation and drug delivery systems.

Directors

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

M B Brown
A G Muddle
D Parker
T Wahlbrink

Results and dividends

The results for the year are set out on page 9.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Research and development

MedPharm undertakes research and development activities in the normal course of its business. Expenditure of this nature is written off against profits in the year in which it is incurred.

Post reporting date events

COVID-19 has had a significant impact on the UK economy post balance sheet date. As noted in the Strategic Report, the Group continues to operate profitably through the COVID-19 pandemic post year end and it continues to manage in line with pre-COVID-19 budget expectations. While there have been certain specific clients and areas of the business that have been negatively impacted, the diversity of the client base and service offering has enabled the Group to pivot attention to more resilient areas of the business to mitigate the overall impact on its trading position. COVID-19 is a non-adjusting post balance sheet event.

Going concern

The directors have a reasonable expectation that the company expects to have adequate resources to continue in operations existence for the foreseeable future. The Group which the company belongs to secured funding with Wells Fargo & Company that will give them the financial support if needed and allow the company to expand in the coming years. The company is expected to continue to operate positively and has not been adversely impacted by the economic events surrounding COVID-19. In addition, the company's forecast for the next five years was strong and forecasted growth. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Auditor

RSM UK Audit 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 auditors in the absence of an Annual General Meeting.

Draft Financial Statements at 22 December 2020
MEDPHARM LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019


Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of future developments and financial management of the company.

On behalf of the board



A G Muddle

Director

Date: 10/02/2021

MEDPHARM LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 MEDPHARM LIMITED

Opinion

We have audited the financial statements of MedPharm Limited (the 'company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MEDPHARM LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

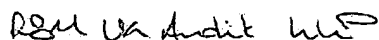
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.



Jonathan Da Costa FCCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

One London Square

Cross Lanes

Guildford

Surrey, GU1 1UN

12/02/2021.....

MEDPHARM LIMITED

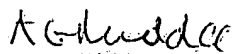
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

		Year ended 31 December 2019 £	5 month period ended 31 December 2018 £
	Notes		
Revenue	3	14,992,435	5,734,252
Cost of sales		(9,589,121)	(4,302,741)
Gross profit		5,403,314	1,431,511
Administrative expenses		(5,859,656)	(1,502,583)
Other operating income		122,871	222,688
Operating (loss)/profit	7	(333,471)	151,616
Finance income	8	31,604	6,402
(Loss)/profit before taxation		(301,867)	158,018
Tax on (loss)/profit	9	16,088	(30,779)
(Loss)/profit for the financial year		(285,779)	127,239

MEDPHARM LIMITED**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019**

	Notes	£	2019 £	£	2018 £
Non-current assets					
Property, plant and equipment	10		1,435,839		1,241,741
Investments	11		166,778		166,778
			<u>1,602,617</u>		<u>1,408,519</u>
Current assets					
Trade and other receivables	13	6,104,934		5,366,452	
Cash and cash equivalents		2,763,324		4,819,160	
		<u>8,868,258</u>		<u>10,185,612</u>	
Current liabilities	14	(5,018,899)		(6,049,464)	
Net current assets			<u>3,849,359</u>		<u>4,136,148</u>
Total assets less current liabilities			<u>5,451,976</u>		<u>5,544,667</u>
Provisions for liabilities	15		(104,118)		(120,206)
Net assets			<u><u>5,347,858</u></u>		<u><u>5,424,461</u></u>
Equity					
Called up share capital	18		10,025		10,025
Share premium account	19		73,148		73,148
Capital redemption reserve	19		71		71
Capital contribution reserve	19		209,176		-
Retained earnings	19		5,055,438		5,341,217
Total equity			<u><u>5,347,858</u></u>		<u><u>5,424,461</u></u>

The financial statements were approved by the board of directors and authorised for issue on 10/02/2021
and are signed on its behalf by:



A G Muddle
Director

MEDPHARM LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital £	Share premium account £	Capital redemption reserve £	Capital contribution reserve £	Retained earnings £	Total equity £
Balance at 1 August 2018	10,025	73,148	71	-	5,213,978	5,297,222
Period ended 31 December 2018:						
Profit and total comprehensive income for the period	-	-	-	-	127,239	127,239
Balance at 31 December 2018	10,025	73,148	71	-	5,341,217	5,424,461
Period ended 31 December 2019:						
Loss and total comprehensive income for the period	-	-	-	-	(285,779)	(285,779)
Share based payment charge	-	-	-	209,176	-	209,176
Balance at 31 December 2019	10,025	73,148	71	209,176	5,055,438	5,347,858

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies

Company information

MedPharm Limited is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Unit 3, Chancellor Court, 50 Occam Road, Surrey Research Park, Guildford, GU2 7AB.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the requirements of 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 £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

With effect from 1 January 2019 the company has adopted the amendments to FRS 102 published in the Triennial Review 2017. There are no adjustments to the current or comparative period in relation to this amendment.

Reduced disclosure

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument, basis of determining fair values, details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

MedPharm Limited is a wholly owned subsidiary of MedPharm Holdco Limited and the results of MedPharm Limited are included in the consolidated financial statements of MedPharm Holdco Limited which are available from Unit 3, Chancellor Court, 50 Occam Road, Surrey Research Park, Guildford, GU2 7AB.

Consolidated financial statements

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Going concern

The directors have reviewed the profit and cash flow forecasts covering up to 5 years forward and then stress tested these forecasts to take into account reasonably possible changes in revenues and the impact these will have on future cash flows and liabilities. Having reviewed these, they believe that the company will be able to settle its liabilities as they fall due for payment in the next 12 months and therefore consider that it is appropriate to prepare these financial statements on a going concern basis.

The company has taken advantage of varying Government schemes such as tax deferrals and some limited use of the furlough scheme, but at the date of signing these financial statements there is little residual benefit to the company of these schemes and the business is still performing well. Regardless of this performance, the directors have still stress tested the profit and cash flow forecasts, as referred to above, and have looked at what mitigating actions could be taken if trading deteriorated, including significant cost reductions. Sensitivity analysis has been performed and any reasonably likely outcomes considered with no expected liquidity issues or covenant breaches. With the backdrop of current trading remaining strong, but in the knowledge, there are still a range of mitigating actions that could be taken if necessary, the directors feel confident that the company will meet its liabilities and obligations for the next 12 months.

The company's business activities, together with the factors likely to affect its future development, performance and position are further set out in the strategic report. The strategic report further describes the financial position of the company; its cash flows, liquidity position and borrowing facilities; the company's financial risk management objectives and policies; details of its financial instruments and hedging activities; and its exposure to credit risk, cash flow risk and liquidity risk.

In light of all of this information, the directors have a reasonable expectation that the company is expected to have adequate resources to continue in operational existence for the next 12 months. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Reporting period

The comparative reporting period was shortened to bring the period end date in line with the new immediate parent entity, MedPharm Holdco Limited. These financial statements cover the 12 month period from 1 January 2019 to 31 December 2019 and the comparative amounts presented in these financial statements (including the related notes) reflect the 5 month period from 1 August 2018 to 31 December 2018.

Revenue

Revenue represents amounts receivable for goods and services net of VAT and trade discounts.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable. The amounts by which revenue exceeds payments on account is classified as accrued income within receivables and the amounts by which payments on account exceed revenue is classified as deferred income in payables.

Revenue from the manufacturing of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Research and development expenditure

Research expenditure is written off against profits in the year in which it is incurred.

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	15% straight line
Plant and equipment	16.67% to 25% reducing balance
Fixtures and fittings	15% straight line
Office equipment	33% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Non-current investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

Impairment of non-current assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Cash and cash equivalents

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any bank overdrafts are shown within borrowings in current liabilities.

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

Taxation

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the period. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

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

Taxation (continued)

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 been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement benefits

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

1 Accounting policies (Continued)

Share-based payments

The parent company operates an equity settled share-based remuneration plan, under which the company receives services from its employees as consideration for options over equity instruments of the parent company. These are measured at fair value at the date of grant. The fair value is expensed on a straight line basis over the vesting period, with a corresponding increase in equity. This is based upon the company's estimate of the shares or share options that will eventually vest which takes into account all vesting conditions and non-market performance conditions, with adjustments being made where new information indicated the number of shares or share options expected to vest differs from previous estimates.

The expense in relation to options over the parent company's shares granted is recognised as a capital contribution.

Fair value is determined using an appropriate pricing model. As long as all other vesting conditions are satisfied, no adjustment is made irrespective of whether market or non-vesting conditions are met.

Where the terms of an equity settled transaction are modified, an expense is recognised for any increase in the fair value of the modified options, as measured at the date of modification.

Where an equity settled transaction is cancelled or settled, it is treated as if it has vested on the date of cancellation or settlement, and any expense not yet recognised in profit or loss is expensed immediately.

Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

Foreign exchange

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

2 Judgements and key sources of estimation uncertainty

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.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results.

Long term contracts

Estimates are made in respect of establishing the stage of completion of long term contracts. In determining the stage of completion, the directors estimate the costs to complete and compare costs incurred as a proportion of total expected costs. Costs relate mainly to contractual hourly staff rates, materials and equipment.

Recoverability of receivables

The company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability, the directors consider factors such as the ageing of the receivables, past experience of recoverability, and the credit profile of individual or groups of customers.

Determining residual values and useful economic lives of property, plant and equipment.

The company depreciates property, plant and equipment over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. Assessing the amount that the company would obtain upon disposal of the asset. Where possible this is done with reference to external market prices.

3 Revenue

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Revenue analysed by class of business		
Manufacturing revenue	1,126,717	1,035,281
Rendering of services	13,865,718	4,698,971
	<u>14,992,435</u>	<u>5,734,252</u>

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

3 Revenue (Continued)

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Revenue analysed by geographical market		
United Kingdom & Ireland	2,421,617	424,382
Rest of Europe	1,426,622	603,341
Rest of the world	11,144,196	4,706,529
	<u>14,992,435</u>	<u>5,734,252</u>

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	Year ended 31 December 2019	5 month period ended 31 December 2018
	Number	Number
Direct	49	43
Administration	60	60
	<u>109</u>	<u>103</u>

The department split for staff numbers has been revised for the comparative period as management consider this to better reflect the nature of staff roles.

Their aggregate remuneration comprised:

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Wages and salaries	4,109,885	1,924,664
Social security costs	451,748	194,995
Pension costs	164,936	66,035
Share based payment charge	209,176	-
	<u>4,935,745</u>	<u>2,185,694</u>

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

5 Directors' remuneration

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Remuneration for qualifying services	356,503	200,737

Remuneration disclosed above include the following amounts paid to the highest paid director:

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Remuneration for qualifying services	233,880	109,035

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

6 Share-based payment transactions

During the year, the company introduced a new equity share based option scheme to reward and incentivise its employees. Under the scheme, the Board of directors of the company can grant options over the shares of the company to employees.

Options are granted at a fixed price based on the estimated fair value at the time of the grant. The vesting period of the options is 4 years after the grant date. The options expire 10 years after the date of the grant and they will lapse if the holder leaves the company prior to the exercise date.

	Number of share options		Weighted average exercise price	
	Year ended 31 December 2019	5 month period ended 31 December 2018	Year ended 31 December 2019	5 month period ended 31 December 2018
	Number	Number	£	£
Outstanding at 1 January 2019	300,000	-	1.00	-
Granted	1,579,128	300,000	1.00	1.00
Forfeited	(185,714)	-	1.00	-
Exercised	(50,000)	-	1.00	-
Outstanding at 31 December 2019	<u>1,643,414</u>	<u>300,000</u>	<u>1.00</u>	<u>1.00</u>
Exercisable at 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Options were valued using the Black-Scholes option pricing model. The Black-Scholes model is considered to apply the most appropriate valuation method due to the relatively short contractual lives of the options and the requirement to exercise within a short period after the employee becomes entitled to the shares (the "vesting date").

Inputs were as follows:

	Year ended 31 December 2019	5 month period ended 31 December 2018
Weighted average share price	1.00	1.00
Weighted average exercise price	1.00	1.00
Expected volatility	74.00	74.00
Expected life	3.90	3.90
Risk free rate	<u>1.58</u>	<u>1.58</u>

During the year, the company recognised total share-based payment expenses of £209,176 (5 month period ended 31 December 2018 - £-) which related to equity settled share based payment transactions.

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

7 Operating (loss)/profit

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Operating (loss)/profit for the period is stated after charging/(crediting):		
Exchange losses/(gains)	29,348	(14,864)
Research and development costs	-	4,465
Depreciation of owned property, plant and equipment	303,249	113,862
Share-based payments	209,176	-
Operating lease charges	320,490	123,253
Auditor's remuneration	20,000	20,000
	<u> </u>	<u> </u>

8 Finance income

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Interest income		
Interest on bank deposits	31,604	6,402
	<u> </u>	<u> </u>

9 Taxation

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Deferred tax		
Origination and reversal of timing differences	(16,877)	30,779
Adjustment in respect of prior periods	(988)	-
Other adjustments	1,777	-
	<u> </u>	<u> </u>
Total deferred tax	(16,088)	30,779
	<u> </u>	<u> </u>

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

9 Taxation (Continued)

The total tax (credit)/charge for the year included in the income statement can be reconciled to the (loss)/profit before tax multiplied by the standard rate of tax as follows:

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
(Loss)/profit before taxation	(301,867)	158,018
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (5 month period ended 31 December 2018: 19.00%)	(57,355)	30,023
Tax effect of expenses that are not deductible in determining taxable profit	39,565	3,028
Tax effect of income not taxable in determining taxable profit	(23,346)	-
Effect of change in corporation tax rate	-	(2,458)
Research and development tax credit	23,530	(9,704)
Deferred tax adjustments in respect of prior years	(988)	9,890
Fixed asset timing differences	729	-
Adjust closing deferred tax to average rate of 19%	1,777	-
Taxation (credit)/charge for the period	(16,088)	30,779

10 Property, plant and equipment

	Leasehold improvements £	Plant and equipment £	Fixtures and fittings £	Office equipment £	Total £
Cost					
At 1 January 2019	486,995	2,046,230	221,494	144,115	2,898,834
Additions	56,614	318,252	3,828	118,653	497,347
At 31 December 2019	543,609	2,364,482	225,322	262,768	3,396,181
Depreciation and impairment					
At 1 January 2019	379,821	1,127,038	59,003	91,231	1,657,093
Depreciation charged in the year	57,933	183,337	32,219	29,760	303,249
At 31 December 2019	437,754	1,310,375	91,222	120,991	1,960,342
Carrying amount					
At 31 December 2019	105,855	1,054,107	134,100	141,777	1,435,839
At 31 December 2018	107,174	919,192	162,491	152,884	1,241,741

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

11 Non-current investment

		Year ended 31 December 2019	5 month period ended 31 December 2018
	Notes	£	£
Investments in subsidiaries	12	340	340
Loans to subsidiaries		166,438	166,438
		<u>166,778</u>	<u>166,778</u>

The loans to group undertaking accrue interest at 3% and are due for maturity on 1 June 2026. In the opinion of the directors, the fair value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Movements in non-current investments

	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost or valuation			
At 1 January 2019 & 31 December 2019	<u>340</u>	<u>166,438</u>	<u>166,778</u>
Carrying amount			
At 31 December 2019	<u>340</u>	<u>166,438</u>	<u>166,778</u>
At 31 December 2018	<u>340</u>	<u>166,438</u>	<u>166,778</u>

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2019 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
MP Pharma Services, Inc	4222 Emperor Blvd, Suit 320, Durham, NC 27703	Providing services to the pharmaceutical industry, specialising in developing formulation and drug delivery systems.	Ordinary	100

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

13 Trade and other receivables

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Amounts falling due within one year:		
Trade receivables	3,206,873	2,956,484
Corporation tax recoverable	396,601	486,314
Amounts owed by group undertakings	819,254	-
Other receivables	54,815	84,412
Prepayments and accrued income	1,627,391	1,839,242
	<u>6,104,934</u>	<u>5,366,452</u>

14 Current liabilities

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Trade payables	378,418	538,480
Amounts owed to group undertakings	1,111,287	1,287,821
Taxation and social security	109,164	118,664
Other payables	108,080	194,657
Accruals and deferred income	3,311,950	3,909,842
	<u>5,018,899</u>	<u>6,049,464</u>

Amounts owed to group undertakings are unsecured, repayable on demand and are interest free.

15 Provisions for liabilities

		Year ended 31 December 2019	5 month period ended 31 December 2018
	Notes	£	£
Deferred tax liabilities	16	<u>104,118</u>	<u>120,206</u>

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

16 Deferred taxation

The major deferred tax liabilities and assets recognised by the company are:

	Liabilities Year ended 31 December 2019	Liabilities 5 month period ended 31 December 2018
Balances:	£	£
Accelerated capital allowances	222,056	207,873
Tax losses	(113,899)	(86,814)
Short term timing differences	(4,039)	(853)
	<u>104,118</u>	<u>120,206</u>
		Year ended 31 December 2019
Movements in the year:		£
Liability at 1 January 2019		120,206
Credit to profit or loss		(16,088)
		<u>104,118</u>
Liability at 31 December 2019		<u>104,118</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances, short term timing differences and the utilisation of tax losses against future profits and all are expected to mature within the same period.

17 Retirement benefit schemes

	Year ended 31 December 2019	5 month period ended 31 December 2018
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>164,936</u>	<u>66,035</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

At the year end £23,758 (5 month period ending 31 December 2018: £20,547) was outstanding to the company's pension scheme.

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

18 Share capital

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Ordinary share capital		
Issued and fully paid		
423,000 Ordinary shares of 1p each	4,230	4,230
408,200 Ordinary G1 shares of 1p each	4,082	4,082
171,300 Ordinary G2 shares of 1p each	1,713	1,713
	<u>10,025</u>	<u>10,025</u>

Ordinary share rights

The company's Ordinary shares, which carry no right to fixed income, carry the right to one vote at general meetings of the company.

Ordinary G1 share rights

The company's Ordinary G1 shares carry no right to vote at the general meetings of the company.

Ordinary G2 share rights

The company's Ordinary G2 shares carry no right to vote at the general meetings of the company.

19 Reserves

Share premium

Consideration received for shares issued above their nominal value net of transaction costs.

Capital redemption reserve

This reserve records the nominal value of shares repurchased by the company.

Capital contribution reserve

The capital contribution reserve represents the cumulative share-based payment expense for the company's share option schemes.

Retained earnings

Cumulative profit and loss net of distribution to owners.

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Within one year	307,339	307,339
Between one and five years	-	307,339
	<u>307,339</u>	<u>614,678</u>

21 Capital commitments

Amounts contracted for but not provided in the financial statements:

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Acquisition of property, plant and equipment	<u>14,069</u>	<u>176,975</u>

22 Events after the reporting date

COVID-19 has had a significant impact on the UK economy post balance sheet date. As noted in the Strategic Report, the company continues to operate profitably through the COVID-19 pandemic post year end and it continues to manage in line with pre-COVID-19 budget expectations. While there have been certain specific clients and areas of the business that have been negatively impacted, the diversity of the client base and service offering has enabled the company to pivot attention to more resilient areas of the business to mitigate the overall impact on its trading position. COVID-19 is a non-adjusting post balance sheet event.

MEDPHARM LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019

23 Related party transactions

Transactions with related parties

During the year the company entered into the following transactions with related parties:

	Purchased consultancy services	
	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Entities with control, joint control or significant influence over the company	13,579	8,936

The following amounts were outstanding at the reporting end date:

	Year ended 31 December 2019	5 month period ended 31 December 2018
	£	£
Amounts due to related parties		
Entities that previously had control, joint control or significant influence over the company	-	4,000

24 Ultimate controlling party

Ampersand 2014 Limited Partnership is the ultimate controlling party.

MedPharm Holdco Limited is the immediate parent. MedPharm Holdco Limited is the smallest and largest group for which consolidated accounts including MedPharm Limited are prepared.