

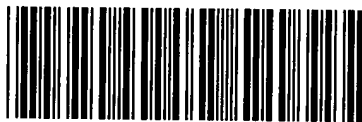
Nupharm Laboratories Limited

**Directors' report and financial
statements**

Registered number 04123795

31 January 2016

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Directors' report

The directors present their report and the financial statements for the period ended 31 January 2016.

Principal activity

The principal activity of the company is as a contract manufacturer and supplier of batch-made specials, licensed products and clinical trial products with manufacturing licenses.

Proposed dividend

Dividends paid in the period were £320,000 (*year ended 31 December 2014: £550,000*).

Directors

The directors who held office during the period and up to the date of signing this report were as follows:

CR Swinhoe	(appointed 16 September 2015, resigned 1 December 2015)
DA Sanson	(appointed 16 September 2015)
BJ Fisher	(appointed 6 October 2015)
CA Rigg	(appointed 8 March 2016)
CJ Brown	(appointed 16 March 2016)
WM Gould	(resigned 13 July 2015)
S Tickle	(resigned 13 July 2015)
AJ Scaife	(appointed 13 July 2015, resigned 1 December 2015)
MJ Such	(appointed 13 July 2015, resigned 8 March 2016)
AP Matthews	(appointed 14 August 2015)
MD Barker	(appointed 14 August 2015, resigned 1 December 2015)
AG Trouton	(appointed 16 September 2015)

Political and charitable contributions

The company made no political or charitable donations or incurred any political expenditure during the period (*Year ended 31 December 2014: £nil*).

Disclosure of information to auditor

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

Future developments

Management intend to cease trading in the near future and as such the financial statements have not been prepared on the going concern basis.

Directors' report *(continued)*

Auditor

KPMG LLP were appointed as auditors during the period.

Pursuant to Section 487 of the Companies act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

By order of the board



CA Rigg
Director

Hobson Industrial Estate
Burnopfield
County Durham
NE16 6EA

28 October 2016

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

The directors are responsible for preparing 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. As explained in note 1, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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



KPMG LLP

Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX
United Kingdom

Independent auditor's report to the members of Nupharm Laboratories Limited

We have audited the financial statements of Nupharm Laboratories Limited for the period ended 31 January 2016 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2016 and of its loss for the period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Other matters – prior period financial statements

In forming our opinion on the financial statements, which is not modified, we note that the prior period financial statements were not audited. Consequently, International Standards on Auditing (UK and Ireland) require the auditors to state that the corresponding figures contained within these financial statements are unaudited.

Independent auditor's report to the members of Nupharm Laboratories Limited (*continued*)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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; or
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report and in not preparing a strategic report.

Nick Plumb (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

28 October 2016

Profit and loss account
for the year ended 31 January 2016

	<i>Note</i>	13 month period ending 31 January 2016	Year to 31 December 2014 (unaudited)
		£	£
Turnover	2	2,509,948	3,890,415
Cost of sales		(1,799,526)	(2,202,503)
		<hr/>	<hr/>
Gross profit		710,422	1,687,912
Administrative expenses		(4,027,585)	(1,108,226)
Other operating income		-	73,495
		<hr/>	<hr/>
Operating (loss)/profit	3-5	(3,317,163)	653,181
Interest receivable and similar income		5,552	-
Interest payable and similar charges		(20,005)	(18,000)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(3,331,616)	635,181
Tax on (loss)/profit on ordinary activities	6	127,697	31,180
		<hr/>	<hr/>
(Loss)/profit for the financial period/year		(3,203,919)	666,361
		<hr/> <hr/>	<hr/> <hr/>

All of the results derive from continuing activities.


Other comprehensive income
for the year ended 31 January 2016

	13 month period ending 31 January 2016 £	Year ended 31 December 2014 (unaudited) £
(Loss)/profit for period/year	(3,203,919)	666,361
Other comprehensive income		
Revaluation reserve release – unaudited	-	38,804
Other comprehensive income for the period/year, net of income tax	-	38,804
Total comprehensive (loss)/income for the period/year	(3,203,919)	705,165

Balance sheet
at 31 January 2016

	<i>Note</i>	31 January 2016	31 December 2014 (unaudited)	
		£	£	£
Fixed assets				
Tangible assets	8	-	744,538	
Current assets				
Tangible assets	8	553,930	-	
Stocks	9	251,147	224,852	
Debtors	10	208,428	1,083,766	
Cash at bank and in hand		35,391	-	
		<u>1,048,896</u>	<u>1,308,618</u>	
Creditors: amounts falling due within one year	11	<u>(3,826,945)</u>	<u>(1,203,744)</u>	
Net current (liabilities)/assets		(2,778,049)		104,874
Total assets less current liabilities		(2,778,049)		849,412
Creditors: amounts falling due after more than one year	12	-	(38,645)	
Provision for liabilities				
Deferred tax liability	14	-	(64,897)	
Net liabilities		(2,778,049)		745,870
Capital and reserves				
Called up share capital	16	20,000	20,000	
Profit and loss account		(2,798,049)	725,870	
Shareholders' (deficit)/funds		(2,778,049)		745,870

The financial statements were approved by the board of directors on ~~28 October~~ 2016 and were signed on its behalf by:


CA Rigg
Director

Company registered number: 04123795

Statement of changes in equity

	Called up share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2015	20,000	725,870	745,870
Total comprehensive income for the period			
Profit or loss	-	(3,203,919)	(3,203,919)
Total comprehensive income for the period	-	(3,203,919)	(3,203,919)
Transactions with owners recorded directly in equity			
Dividends	-	(320,000)	(320,000)
Total contributions by and distributions to owners	-	(320,000)	(320,000)
Balance at 31 January 2016	20,000	(2,798,049)	(2,778,049)

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
Balance at 1 January 2014 (unaudited)	20,000	38,804	570,705	629,509
Total comprehensive income for the period				
Profit or loss (unaudited)	-	-	666,361	666,361
Other comprehensive income (unaudited)	-	(38,804)	38,804	-
Total comprehensive income for the period (unaudited)	-	(38,804)	705,165	666,361
Transactions with owners recorded directly in equity				
Dividends (unaudited)	-	-	(550,000)	(550,000)
Total contributions by and distributions to owners (unaudited)	-	-	(550,000)	(550,000)
Balance at 31 December 2014 (unaudited)	20,000	-	725,870	745,870

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below.

1.1 Basis of preparation

The figures in these financial statements cover the period from 1 January 2015 to 31 January 2016. For convenience this period is referred to as the 13 month period ended 31 January 2016 in these financial statements.

The company is exempt by virtue of s402 subject to the small companies regime of the Companies Act 2006 from the requirement to prepare group financial statements.

These financial statements are 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 and effective immediately have been applied.

In preparing these financial statements, the company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemption has been taken.

In the transition to FRS 101, the company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. There were no differences on transition to FRS 101.

The company's parent undertaking, Quantum Pharma Plc, includes the company in its consolidated financial statements. The consolidated financial statements of Quantum Pharma Plc are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from www.quantumpharmagroup.com.

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;
- disclosures in respect of transactions with wholly owned subsidiaries ;
- disclosures in respect of capital management;
- the effects of new but not yet effective IFRSs;
- an additional balance sheet for the beginning of the earliest comparative period following the retrospective change in accounting policy;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of Quantum 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*.

The company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 IFS balance sheet at 1 January 2014 for the purposes of the transition to FRS 101.

Notes (continued)

1 Accounting policies (continued)

1.2 Going concern

As noted in future developments on page 1, management intend to cease to trade in the near future. As such the financial statements have not been prepared on a going concern basis.

As a result of the change in basis of preparation, all assets and liabilities are classified as current in these financial statements. As this decision was taken post year end, the costs of closure are not included within these financial statements.

1.3 Intangible fixed assets and amortisation

Research and development

Expenditure on research activities is recognised in the income statement as an expense as incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the company intends, has the technical ability and has sufficient resources to complete development, future economic benefits are probable and if the company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve a plan or design for the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

1.4 Amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Patents and trademarks	-	10% straight line
Capitalised development costs	-	25% straight line

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets.

Leases in which the company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less accumulated impairment losses. Lease payments are accounted for as described below.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Leasehold property improvements	- Over the term of the lease
Plant and machinery	- 25% Straight line
Equipment	- 25% Straight line
Software development	- 25% Straight line

Notes *(continued)*

1 **Accounting policies** *(continued)*

1.6 *Impairment of fixed assets*

The carrying amount of the company's fixed assets is reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit, being the smallest identifiable group of assets that generates income that is largely independent of the income streams from other assets or groups of assets, exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses are reversed to the extent that the recoverable amount of fixed assets increases as a result of a change in economic conditions or in the expected use of the asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

1.7 *Investments*

Investments held as fixed assets are shown at cost less provision for impairment.

1.8 *Stocks*

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.9 *Deferred income*

Turnover from support contracts is released over the year of the contract to ensure income is recognised in the profit and loss account in the year in which services are provided. The amounts invoiced in respect of future years are held on the balance sheet as deferred income.

1.10 *Turnover*

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

Notes (continued)

1 Accounting policies (continued)

1.11 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Interest receivable and Interest payable - Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.12 Employee benefits

The company administers contributions to a stakeholder pension scheme for its employees and makes contributions to certain employees' personal pension schemes. The amount charged to the profit and loss account represents the contributions payable to the stakeholder and private schemes in respect of the accounting period.

1.13 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

Notes (continued)

1 Accounting policies (continued)

1.14 Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

1.15 Deferred government grants

Grants received towards expenditure on fixed assets are included in creditors as deferred government grants. The directors indicate the useful life of such assets to be ten years and are therefore recognising the grant income in the profit and loss account over this period.

1.16 Classification of financial instruments issued by the Company

Financial instruments issued by the company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Notes (continued)

2 Turnover

The company's turnover primarily derives in the UK and is attributable to the company's principal activity.

3 Expenses and auditor's remuneration

	13 month period ending 31 January 2016 £	Year ended 31 December 2014 (unaudited) £
<i>Included in profit/(loss) are the following items</i>		
Depreciation of tangible fixed assets:		
Owned by the company	96,318	99,197
Assets under finance lease	59,349	95,312
Impairment	83,814	-
	<u> </u>	<u> </u>
	13 month period ending 31 January 2016 £	Year ended 31 December 2014 (unaudited) £
<i>Auditors' remuneration:</i>		
Audit of these financial statements	4,000	-
	<u> </u>	<u> </u>

4 Remuneration of directors

	13 month period ending 31 January 2016 £	Year ended 31 December 2014 (unaudited) £
Directors' emoluments	22,556	54,721
	<u> </u>	<u> </u>

The aggregate emoluments of the highest paid director was £11,278 (2015: £27,361).

Notes (continued)

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	13 month period ending 31 January 2016 £	Year ended 31 December 2014 (unaudited) £
Management and administration	32	33
Production	27	26
	<u>59</u>	<u>59</u>

The aggregate payroll costs of these persons were as follows:

	13 month period ending 31 January 2016 £	Year ended 31 December 2014 (unaudited) £
Wages and salaries	1,375,880	1,310,079
Social security costs	43,762	111,820
Contributions to defined contributions Plans (note 18)	8,814	-
	<u>1,428,456</u>	<u>1,421,899</u>

6 Taxation

Recognised in the profit and loss account

	13 month period ending 31 January 2016 £	Year ended 31 December 2014 (unaudited) £
<i>UK corporation tax</i>		
Current tax on income for the period/year	-	31,180
Group relief receivable	(185,944)	-
Adjustments in respect of prior periods	58,247	-
	<u>(127,697)</u>	<u>31,180</u>

Notes (continued)

6 Taxation (continued)

Reconciliation of effective tax rate

	13 month period ending 31 January 2016 £	Year ended 31 December 2014 (unaudited) £
(Loss)/profit for the period/year	(3,203,919)	666,361
Total tax (credit)/charge	(127,697)	31,180
	<hr/>	<hr/>
(Loss)/profit excluding taxation	(3,331,616)	635,181
Tax using the UK corporation tax rate of 20.16% (2015: 20.39%)	(671,654)	129,513
Non-deductible expenses	81,418	2,581
Prior year adjustments current tax	58,247	-
Other	-	7,788
Research and development allowance	-	(91,944)
Utilisation of tax losses brought forward	-	(16,758)
Tax losses carried forward	404,292	-
	<hr/>	<hr/>
Total tax (credit)/charge	(127,697)	31,180
	<hr/>	<hr/>

Factors that may affect future tax charges

At the balance sheet date the Company had UK corporation tax losses available to carry forward of approximately £2,005,415 (*year ended 31 December 2014: £nil*). There exists unrecognised deferred tax assets, principally in respect of losses carried forward of £360,975 (*2014: £nil*) which have not recognised until such time as their recovery can be assessed with reasonable certainty.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and to 20% (effective 1 April 2015) were substantively enacted on 26 March 2012 and 2 July 2013 respectively. Further reductions to 19% effective from 1 April 2017) and 18% (effective from 1 April 2020) were substantively enacted on 26 October 2014. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 January 2016 and 31 January 2015 have been calculated based on the rate of 18% and 20% substantively enacted at the balance sheet date respectively.

7 Dividends

	13 month period ending 31 January 2016 £	Year ended 31 December 2014 (unaudited) £
Declared and paid during the period/year	320,000	550,000
	<hr/>	<hr/>

Notes (continued)

8 Tangible fixed assets

	Leasehold property improvements £	Plant and machinery £	Fixtures and fittings £	Total £
Cost				
At 1 January 2013 (unaudited)	276,258	1,334,833	301,126	1,912,217
Other acquisitions (unaudited)	48,504	84,954	79,920	213,378
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014 (unaudited)	324,762	1,419,787	381,046	2,125,595
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2015	324,762	1,419,787	381,046	2,125,595
Other acquisitions	20,873	175,151	68,792	264,816
Impairment	(215,943)	-	-	(215,943)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2016	129,692	1,594,938	449,838	2,174,468
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation and impairment				
At 1 January 2013 (unaudited)	74,837	955,109	156,602	1,186,548
Depreciation charge for the year (unaudited)	16,238	133,382	44,889	194,509
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2014 (unaudited)	91,075	1,088,491	201,491	1,381,057
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 January 2015	91,075	1,088,491	201,491	1,381,057
Depreciation charge for the period	9,982	76,814	68,871	155,667
Impairment charge	(74,187)	136,068	21,933	83,814
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2016	26,870	1,301,373	292,295	1,620,538
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2014 (unaudited)	233,687	331,296	179,555	744,538
At 31 January 2016	102,822	293,565	157,543	553,930
	<hr/>	<hr/>	<hr/>	<hr/>

As the accounts are not presented on the going concern basis, tangible fixed assets are shown within current assets at 31 January 2016.

Depreciation and impairment

The depreciation and impairment charge is recognised on the following items in the profit and loss account

	13 month period ending 31 January 2016 £	Year ended 31 December 2014 (unaudited) £
Administrative expenses	239,481	194,509
	<hr/>	<hr/>

Leased plant and machinery

As at 31 January 2016 the net carrying amount of leased plant and machinery was £31,310 (2014: £105,427). The leased equipment secures lease obligations (see note 13).

Notes (continued)

9 Stocks

	31 January 2016	31 December 2014 (unaudited)
	£	£
Raw materials	241,147	214,852
Consumables	10,000	10,000
	<u>251,147</u>	<u>224,852</u>

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the period amounted to £561,899 (*year to 31 December 2014: £762,956*).

10 Debtors

	31 January 2016	31 December 2014 (unaudited)
	£	£
Trade debtors	140,057	560,890
Amounts due from related undertakings	-	352,982
Directors' current accounts	-	148,409
Prepayments and accrued income	34,728	12,135
Other debtors	1,669	-
Corporation tax	-	9,350
Other tax and social security	31,974	-
	<u>208,428</u>	<u>1,083,766</u>

11 Creditors: amounts falling due within one year

	31 January 2016	31 December 2014 (unaudited)
	£	£
Bank loans and overdrafts (see note 13)	-	16,366
Obligations under finance (see note 13)	32,535	50,816
Trade creditors	272,715	342,343
Amounts owed to group undertakings	1,835,020	140,379
Taxation and social security	22,852	134,643
Accruals and deferred income	149,648	80,079
Other creditors	2,145	398,558
Deferred government grants	35,008	40,560
Corporation tax	57,117	-
Deferred tax liability (see note 14)	64,897	-
Provisions (see note 15)	1,355,008	-
	<u>3,826,945</u>	<u>1,203,744</u>

Notes (continued)

12 Creditors: amounts falling due after more than one year

	31 January 2016	31 December 2014 (unaudited)
	£	£
Bank loans	-	6,343
Obligations under finance leases	-	32,302
	<u>-</u>	<u>38,645</u>
	<u>-</u>	<u>38,645</u>

13 Interest bearing loans and borrowings

This note provides information about the contractual terms of the company's interest-bearing loans and borrowings, which are measured at amortised cost.

	31 January 2016	31 December 2014 (unaudited)
	£	£
Creditors falling due after more than one year		
Other loan	-	6,343
Finance lease liabilities	-	32,302
	<u>-</u>	<u>38,645</u>
	<u>-</u>	<u>38,645</u>
Creditors falling due within less than one year		
Bank overdraft	-	3,466
Other loan	-	12,900
Finance lease liabilities	32,535	50,816
Factoring facility	-	398,558
	<u>32,535</u>	<u>465,740</u>
	<u>32,535</u>	<u>465,740</u>

During the period the company's loan and factoring liabilities were fully repaid.

Hire purchase and finance lease liabilities are secured against the assets concerned.

The other loan and overdraft are secured by a debenture and directors' guarantee.

Factoring liabilities are secured on the book debts of the company.

Notes (continued)

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 31 January 2016 £	31 December 2014 (unaudited) £	Liabilities 31 January 2016 £	31 December 2014 (unaudited) £	Net 31 January 2016 £	31 December 2014 (unaudited) £
Tangible fixed assets	-	-	(64,897)	(64,897)	(64,897)	(64,897)

Movements in the deferred tax asset during the period

	1 January 2015 (unaudited) £	Recognised in income 2016 £	31 January 2016 £
Tangible fixed assets	(64,897)	-	(64,897)

Movement in deferred tax during the prior year

	1 January 2014 (unaudited) £	Recognised in income 2014 (unaudited) £	31 December 2014 (unaudited) £
Tangible fixed assets	(89,679)	24,782	(64,897)

15 Provisions

	Provision for rectification works £
Balance at 1 January 2014	-
Provision made during the period	2,258,296
Provision used during the period	(903,288)
Balance at 31 January 2016	1,355,008

The provision is management's best estimate of further costs expected to be incurred in respect of the rectification work required as a result of the company being in MHRA special measures.

The provision will be utilised within the next year and as such the impact of discounting would not be material.

Notes (continued)

16 Share capital

	31 January 2016	31 December 2014 (unaudited)
	£	£
<i>Allotted, called up and fully paid</i>		
20,000 Ordinary shares of £1 each	20,000	20,000

17 Contingent liabilities

During the period the company became party to a composite guarantee with the group's lenders, whereby the company is liable, jointly and severally with other members of the group in respect of borrowings within the group.

The group's bankers and other lenders also have in place a debenture over the company's assets in support of borrowings within the group which amounted to £29,250,000 at the balance sheet date.

18 Employee benefits

The company does not operate any pension scheme but administers contributions to a stakeholder pension scheme for its employees and makes contributions to the personal pension scheme of certain employees. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £8,814 (*Year to 31 December 2014: £nil*).

Contributions amounting to £1,986 were payable to the scheme and included within creditors at 31 January 2016 (*2014: £nil*).

19 Operating lease commitments

Commitments under non-cancellable operating leases are as follows:

	31 January 2016		31 December 2014
	Land and buildings £	Other £	Land and buildings £
			Other £
Operating leases which expire:			
Within one year	130,000		130,000
Between 2 and 5 years	520,000	-	520,000
Over 5 years	607,100	-	748,800
	1,257,100	-	1,398,800

20 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a wholly owned subsidiary of Nupharm Group Limited. During the period Quantum Pharma Group Limited acquired the entire share capital of Nupharm Group Limited. Quantum Pharma Group Limited's ultimate parent company is Quantum Pharma Plc.

The only group in which the results of the company are consolidated is that headed by Quantum Pharma Plc, incorporated in the United Kingdom. The consolidated financial statements of the group are available to the public and may be obtained from Companies House.

Notes *(continued)*

21 Post balance sheet event

The company has commenced the consultation process with staff regarding the proposed closure of its trading activities. The proposed closure plan envisages that the business will cease trading by 31 December 2016 and accordingly these accounts are not prepared on the going concern basis.