

# **Clinigen CTS Limited**

## **Annual Report and Financial Statements**

for the year ended 30 June 2017

Company registered number 05016103

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## **Directors and other information**

### **Directors**

S Chilton

M Abell

P George (resigned 11 November 2016)

### **Company secretary**

A Miller (appointed 13 July 2017)

M Abell (appointed 2 March 2017 and resigned 13 July 2017)

J Haddleton (resigned 2 March 2017)

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Cornwall Court

19 Cornwall Street

Birmingham

B3 2DT

### **Bankers**

National Westminster Bank

35 Fishergate

Preston

PR1 2AD

### **Registered office**

Pitcairn House

Crown Square

Centrum 100

Burton on Trent

Staffordshire

DE14 2WW

### **Registered number**

05016103

## Strategic report

The directors present their strategic report for the year ended 30 June 2017.

### Review of the business and future developments

The profit and loss account is set out on page 10 and shows a profit for the financial year of £50.7m (2016: £9.5m).

During the year 100% of the Company's share capital was acquired by Clinigen Healthcare Limited following a re-organisation of the Clinigen Group. The Company also sold its investment in its wholly owned subsidiary Clinigen CTS Inc. to Clinigen Inc., a fellow group company, resulting in an exceptional gain of £36.1m. On 1 July 2017, the trade and assets of the Company were hived up into its parent undertaking, Clinigen Healthcare Limited, and the Company will no longer trade.

The gross margin of 21% increased significantly versus prior year (2016:16%) due to the change in mix towards higher margin products and activity.

Growth has come from deeper engagement with clients in the core business, the winning of new clients among the world's largest 25 pharmaceutical companies and an increase in the number of Investigator Initiated Trials ('IITs') supported.

There is an increasing trend towards using IITs to generate data and further understand products and disease areas to support the more traditional randomised clinical trials to commercialise medicines. CTS supported 19 IITs in the year (2016: 13).

CTS is seeing that clients increasingly require a larger service provider, which has a global reach and is capable of offering a broader and more complex solution. Adding complementary added value services, such as IITs, is a key part of the strategy to access an attractive additional market. This widens service capability, deepens the relationships with current clients and reinforces CTS' market-leader status.

CTS has established a leading position in the market as a trusted partner capable of delivering high quality service across the world with an extensive understanding of the complex regulatory environment. These strengths, combined with the strategy of over-layering the core service offering with added value services, position the operation to take advantage of the rapidly developing market opportunity.

### Key performance indicators

The Board utilises a number of key performance indicators to enable a consistent method of analysing performance, in addition to allowing the directors to benchmark and monitor performance against similar businesses and the Company's strategic plan. The key financial performance indicators utilised by the Board are:

**Gross profit** – measures the profit achieved on sales after taking account of the cost of goods, selling and distribution costs. This is viewed as the main measure of top line growth.

The Company achieved a gross profit of £16.5m, a growth of 17% on prior year gross profit of £14.0m.

**Operating profit before exceptional items** – measures the profit achieved on sales after taking account of the direct costs and overheads, but before interest and exceptional items.

The Company's operating profit before exceptional items year on year increased to £13.0m from £10.3m in the prior year as a direct result of the increased gross profit.

Overall, the directors are satisfied with progress against the key performance indicators for the year.

### Principal risks and uncertainties

The Board has overall responsibility for ensuring risk is appropriately managed within the Company. The Group, of which the Company is a member, has identified the main risks facing the business which are discussed on the following page. These risks are not intended to be an extensive analysis of all risks that may arise in the ordinary course of business or otherwise.

## Strategic report (continued)

### Competitive threat

The pharmaceutical industry as a whole is highly competitive. The potential for high value revenues attracts other service providers such as Clinical Research Organisations ('CROs') and re-packers who offer the sourcing of pharmaceuticals as additional services in competition with Clinigen. To mitigate this threat, Clinigen undertakes market reviews utilising internal expertise and external consultants which assess the needs of the service sector we operate in and analyse our competitors.

### International trade

The Company's activities involve importing and exporting products across many international borders. The Company therefore operates across numerous pharmaceutical regulatory regions. Any changes to these regulations might affect the Company's trading activities. To mitigate this risk, management closely monitors any changes to regulations and seeks to adapt its procedures wherever possible to ensure activities are not affected whilst maintaining compliance. In addition, the Company is regularly audited by customers and regulatory authorities to ensure it is compliant.

A large proportion of international trade is undertaken in foreign currency, mainly the euro and US dollar. This brings with it significant exposure to foreign exchange risk. The Company reduces its exposure to currency fluctuation on translation by typically managing currencies using bank accounts denominated in principal foreign currencies for payments and receipts. The Group seeks to optimise the matching of currency surpluses generated to the foreign currency needs of the wider group. Where there is sufficient visibility of currency surpluses and shortfalls, forward contracts are used to hedge exposure to foreign currency fluctuations.

### Counterfeit product

The Company sources product globally for supply into clinical trials, and there is a risk that counterfeit products could be unknowingly acquired and supplied which could damage the Company's reputation. Measures and processes are currently in place that go above and beyond the standards laid out in Good Distribution Practice.

To mitigate such risk, the Company audits all suppliers, and only sources from Clinigen approved suppliers, all staff are required to complete annual training on counterfeit awareness, all products are thoroughly inspected upon receipt.

On behalf of the Board



M Abell

Director

26 March 2018

## Directors' report

The directors present their report and audited financial statements for the year ended 30 June 2017.

### Results and dividends

The profit and loss account is set out on page 10 and shows a profit on ordinary activities after taxation of £50.7m (2016: £9.5m). A dividend of £11.0m was paid during the financial year (2016: £9.5m).

### Principal activities

The Company sources and supplies commercial medicines to pharmaceutical companies. These medicines are for use exclusively in clinical trials, including comparator drugs, adjuvant drugs and rescue therapies. Effective supply of product is secured by utilising the Company's relationships with pharmaceutical companies globally, including exclusive supply agreements, and using its in-depth knowledge of the global regulatory, logistics and customs processes.

During the year 100% of the Company's share capital was acquired by Clinigen Healthcare Limited following a re-organisation of the Clinigen Group. The Company also sold its investment in its wholly owned subsidiary Clinigen CTS Inc. to Clinigen Inc., a fellow group company, resulting in an exceptional gain of £36.1m. On 1 July 2017, the trade and assets of the Company were hived up into its parent undertaking, Clinigen Healthcare Limited, and the Company will no longer trade.

### Financial risk management

In common with all other businesses, the Company is exposed to risks that arise from its normal course of business. The principal financial risks of the Company from which financial instrument risk arises, are as follows:

- Credit risk
- Foreign exchange risk

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Board receives monthly reports from the Group Finance Director through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

#### *Credit risk*

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations. The Company is mainly exposed to credit risk from credit sales and payments made on account to suppliers. It is company policy to assess the credit risk of new customers before entering contracts. The directors have established a credit policy under which each new customer is analysed individually for credit worthiness before credit terms are offered. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Finance Business Partner or Finance Director.

#### *Foreign exchange risk*

Foreign exchange risk arises because the company sells to clients located in various parts of the world whose functional currency is not the same as the functional currency in which the company operates.

The Company's net assets arising from such overseas revenues are exposed to currency risk resulting in gains or losses on retranslation into sterling. Foreign currency risk is managed at group level in order to maximize the matching of currency surpluses generated to the foreign currency needs of the wider group. The Company operates bank accounts in foreign currencies in order to maintain currencies and not expose payments and receipts to foreign currency spot rates.

The Company does not issue or use financial instruments of a speculative nature.

## **Directors' report (continued)**

### **Directors**

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

P George (resigned 11 November 2016)

S Chilton

M Abell

### **Future developments**

The likely future developments in the Company's business are included in the strategic report.

### **Directors' indemnity insurance**

During the year and up to the date of signing of this report, the Company, through the Group, maintained liability insurance and third party indemnification provisions (which are a qualifying third party indemnity provision for the purposes of the Companies Act 2006) for its directors and the company secretary.

### **Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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.

### **Statement of disclosure of information to auditors**

In the case of each director in office at the date this report is approved, so far as the director is aware:

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

The directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

## Directors' report (continued)

On behalf of the board



M Abell

Director

26 March 2018

## **Independent auditors' report to the members of Clinigen CTS Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Clinigen CTS Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Profit and loss account and statement of other comprehensive income; the Balance sheet; the Statement of changes in equity; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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

- 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.



## **Independent auditors' report to the members of Clinigen CTS Limited (continued)**

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

### **Strategic report and Directors' report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 June 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

## **Responsibilities for the financial statements and the audit**

### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

### **Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Independent auditors' report to the members of Clinigen CTS Limited (continued)**

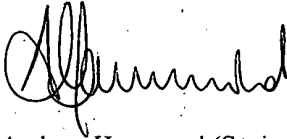
### **Other required reporting**

#### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Andrew Hammond (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham

28 March 2018

**Profit and loss account and statement of other comprehensive income**  
for the year ended 30 June 2017

	Notes	2017 £000	2016 £000
<b>Revenue</b>	3	<b>85,003</b>	86,610
Cost of sales		(68,531)	(72,563)
<b>Gross profit</b>		<b>16,472</b>	14,047
Administrative expenses		(3,509)	(3,746)
<b>Operating profit</b>	4	<b>12,963</b>	10,301
Exceptional gain on sale of investment in subsidiary	5	36,135	-
Interest payable and similar expenses	7	-	(10)
Interest receivable	8	2	-
Investment income		4,133	755
<b>Profit before taxation</b>		<b>53,233</b>	11,046
Tax on profit for the financial year	9	(2,570)	(1,525)
<b>Profit for the financial year</b>		<b>50,663</b>	9,521
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Cash flow hedges		289	-
<b>Total comprehensive income for the financial year</b>		<b>50,952</b>	9,521

All amounts relate to continuing activities.

# **Balance sheet**

as at 30 June 2017

	Notes	2017 £000	2016 £000
<b>Assets</b>			
<b>Fixed assets</b>			
Investments	11	-	14
		<u>-</u>	<u>14</u>
<b>Current assets</b>			
Inventories	12	355	385
Debtors: amounts falling due within one year	13	99,964	47,652
Derivative financial instruments	17	903	-
Cash at bank and in hand	14	1,954	4,281
		<u>103,176</u>	<u>52,318</u>
<b>Total assets</b>		<u>103,176</u>	<u>52,332</u>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	15	(51,135)	(39,285)
Derivative financial instruments	17	-	(958)
		<u>(51,135)</u>	<u>(40,243)</u>
<b>Total current liabilities</b>		<u>(51,135)</u>	<u>(40,243)</u>
<b>Net current assets</b>		<u>52,041</u>	<u>12,075</u>
<b>Total assets less current liabilities</b>		<u>52,041</u>	<u>12,089</u>
<b>Net assets</b>		<u>52,041</u>	<u>12,089</u>
<b>Capital and reserves</b>			
Called up share capital	16	-	1
Hedging reserve		289	-
Profit and loss account		51,752	12,088
		<u>52,041</u>	<u>12,089</u>
<b>Total shareholders' funds</b>		<u>52,041</u>	<u>12,089</u>

Company number: 05016103

The notes on pages 13 to 27 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 26 March 2018 and were signed on its behalf by:



M Abell  
Director

## Statement of changes in equity

for the year ended 30 June 2017

	Called up share capital £000	Hedging reserve £000	Profit and loss account £000	Total shareholders' funds £000
<b>At 1 July 2015</b>	1	-	12,067	12,068
Profit for the financial year	-	-	9,521	9,521
<b>Total comprehensive income for the year</b>	-	-	<b>9,521</b>	<b>9,521</b>
Dividends paid	-	-	(9,500)	(9,500)
<b>At 30 June 2016</b>	<b>1</b>	-	<b>12,088</b>	<b>12,089</b>
Profit for the financial year	-	-	50,663	50,663
Cash flow hedges				
- Effective portion of fair value gains	-	1,300	-	1,300
- Transfers to the income statement (revenue)	-	(1,011)	-	(1,011)
<b>Total comprehensive income for the year</b>	-	<b>289</b>	<b>50,663</b>	<b>50,952</b>
Capital reduction	(1)	-	1	-
Dividend paid	-	-	(11,000)	(11,000)
<b>At 30 June 2017</b>	<b>-</b>	<b>289</b>	<b>51,752</b>	<b>52,041</b>

## Notes to the financial statements

for the year ended 30 June 2017

### 1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Clinigen CTS Limited (the 'Company') for the year ended 30 June 2017 were authorised for issue by the board of directors on 26 March 2018 and the balance sheet was signed on the board's behalf by M Abell.

The Company is a subsidiary undertaking of Clinigen Group plc, incorporated in the United Kingdom. Clinigen Group plc is the ultimate parent company and controlling party.

The principal accounting policies adopted by the Company are set out in note 2.

### 2. Accounting policies

#### *Basis of preparation*

The financial statements have been prepared on the historical cost basis, except financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services. The financial statements are presented in sterling and all values are rounded to the nearest thousand pounds ('£000') except when otherwise stated.

The Company is a wholly owned subsidiary of Clinigen Group plc and is included in its consolidated group financial statements which are publicly available. The Company is therefore exempt from the requirement to prepare consolidated financial statements under the Companies Act 2006. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

The Company meets the definition of a qualifying entity under Financial Reporting Standard ('FRS') 100 'Application of financial reporting requirements' issued by the Financial Reporting Council. Accordingly, in the year ended 30 June 2016 the Company transitioned from reporting under UK GAAP to FRS 101 'Reduced Disclosure Framework' ('FRS 101') as issued by the Financial Reporting Council. The financial statements continued to be prepared in accordance with FRS 101.

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 exemptions has been taken.

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;
- (b) Comparative period reconciliations for share capital;
- (c) Disclosures in respect of transactions with wholly owned subsidiaries of the group;
- (d) Disclosures in respect of capital management; and
- (e) The effects of new but not yet effective IFRSs.

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

- (a) Certain disclosures required by IAS 36 'Impairment of assets' in respect of the impairment of goodwill and indefinite life intangible assets;
- (b) Certain disclosures required by IFRS 3 'Business combinations' in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- (c) The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of a trading portfolio or derivatives.

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 2. Accounting policies (continued)

#### *Going concern*

On the basis of their assessment of the Company's financial position, including the expected cash flows, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future. The Company therefore continues to adopt the going concern basis of accounting in preparing its financial statements.

#### *Foreign currency translation*

The Company's functional currency and presentation currency is sterling. Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are re-translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recognised in the profit and loss account within interest payable and similar charges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

#### *Inventories*

Inventories are initially recognised at cost and subsequently stated at the lower of cost and net realisable value. Individual units of drugs cannot be interchanged as they are determined by the customer's requirements for product name, dosage strength, pack size, batch number and expiry date. In accordance with IAS 2 'Inventories' paragraph 23, items are recorded at their individual cost. To minimise obsolescence, cost is selected using first expiry, first out method. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price less applicable variable selling expenses. Provisions are made for slow moving and damaged inventories. Inventories which have expired are fully provided for until they are destroyed, when they are written off.

#### *Impairment of non-financial assets*

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the profit and loss account in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses (excluding goodwill), the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of amortisation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the profit and loss account, unless the asset is carried at a revalued amount when it is treated as a revaluation increase.

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 2. Accounting policies (continued)

#### *Financial instruments*

##### *a. Financial assets*

###### *Loans and receivables*

Loans and receivables are carried at amortised cost using the effective interest rate (EIR) method, less impairment. The EIR amortisation is included in interest income in the profit and loss account. The losses arising from impairment are recognised in operating expenses.

This category generally applies to the Company's trade and other receivables. For more information on debtors, refer to note 13.

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

###### *Cash and cash equivalents*

Cash at bank and in hand in the balance sheet cash deposits with banks and in hand.

###### *Derivative financial instruments and hedging activities*

Derivative financial instruments are recognised initially at their fair value and remeasured at fair value at each period end. Where appropriate the Group designates hedge relationships for hedge accounting under IAS 39 'Financial Instruments'.

Where hedge accounting has been applied, changes in the fair value of derivative financial instruments designated as cash flow hedges are recognised in other comprehensive income to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases, the amount recognised in other comprehensive income is transferred to the income statement in the same period that the hedged item affects profit or loss. The designation is re-evaluated at each reporting date.

The gain or loss on re-measurement to fair value of derivatives that have not been designated for hedge accounting, is recognised immediately in the profit and loss account. Foreign forward exchange derivative gains and losses are recognised net.

##### *b. Financial liabilities*

###### *Loans*

These financial liabilities are recognised initially at fair value plus directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance income and finance cost.

###### *Trade and other payables*

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



## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 2. Accounting policies (continued)

#### *Financial instruments (continued)*

##### *c. Fair values*

The Company measures non-financial assets, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The fair value of financial instruments that are traded in active markets at the reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques.

External valuers are involved for valuation of significant assets, such as licences. Involvement of external valuers is decided upon annually by the management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

##### *d. Derecognition of financial instruments*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

A financial asset is derecognised when the rights to receive cash flows from the asset have expired.

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 2. Accounting policies (continued)

#### *Provisions for liabilities*

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The expense relating to any provision is presented in the profit and loss account net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as part of finance costs in the profit and loss account.

#### *Valuation of investments*

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

#### *Taxes*

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax related to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity not in the profit or loss account.

#### *Revenue*

Revenue represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales-related taxes. Revenue from CTS supply is recognised when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed upon payment. These criteria are considered to be met when the goods are delivered to the buyer. Revenue is recognised at the fair value of consideration received or receivable.

#### *Interest income*

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the profit and loss account.

#### *Employee Benefits*

##### *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

##### *Short-term benefits*

Employee benefits are classified as short-term if they are expected to be settled wholly within 12 months from the reporting date. Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 2. Accounting policies (continued)

#### *Exceptional items*

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Company. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

#### *New and amended standards and interpretations*

There are no changes to IFRS effective in the year to 30 June 2017 which have a material impact on the Company.

#### *Significant accounting judgements, estimates and assumptions*

The preparation of the Company's financial statements in conformity with FRS 101 requires management to make judgements, estimates and assumptions at the date of the financial statements. Estimates and assumptions are continuously evaluated and are based on management experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In particular the Company has identified the following areas where significant judgement, estimates and assumptions are required.

##### *a. Judgements*

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

##### *Carrying value of investments*

The carrying value of investments is at cost less any impairment. Annual impairment trigger reviews are undertaken at the end of the financial year or more frequently if events or changes in circumstances indicate a potential impairment. Investments are not traded in an active market hence the fair value of the asset is determined using discounted cash flows which involves the Company using judgement and assumptions.

##### *b. Estimates and assumptions*

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

##### *Inventory provisioning*

The Company's principle activities during the year related to the management, sale and distribution of pharmaceutical products which have associated expiry dates. As a result it is necessary to consider the recoverability of the cost of the inventory and the associated provision required. Management consider the nature and condition of inventory, the remaining expiry period, as well as apply assumptions around expected future demand for the inventory, when calculating the level of inventory provisioning. See note 10 for the net carrying value of inventory and associated provision.

##### *Impairment of trade receivables*

The Company makes an estimate of the receivable value of trade and other debtors. When assessing the impairment of trade and other receivables, management considers factors including the credit rating and age profile of the receivable and historic experience. See note 11 for the net carrying amount of the receivables and the associated impairment provision.

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 2. Accounting policies (continued)

#### *Significant accounting judgements, estimates and assumptions (continued)*

##### *b. Estimates and assumptions (continued)*

###### *Taxes*

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates.

###### *Fair value measurement*

The fair value of an asset or a liability is measured using the assumption that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value.

### 3. Revenue

	2017 £000	2016 £000
United Kingdom	9,168	10,560
Europe	43,115	44,092
Rest of the world	32,720	31,958
	<u>85,003</u>	<u>86,610</u>

There is only deemed to be one class of business within the entity.

### 4. Operating profit

Operating profit is stated after charging/(crediting):

	2017 £000	2016 £000
Cost of inventories recognised as an expense	66,533	70,500
Exchange differences	(877)	(885)
(Gain)/loss on financial instruments	(1,572)	1,064
Bad debt expense	61	281
Defined contribution pension cost	16	4
	<u>63,161</u>	<u>70,954</u>

The audit fee in relation to these financial statements was borne by the parent company Clinigen Group plc, the fee is included in the costs incurred by the parent company which are covered by the management fees charged to the Company.

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 5. Exceptional items

On 30 June 2017, the Company sold its investment in Clinigen CTS Inc. to Clinigen Inc., a fellow Group company, for \$47m resulting in a gain on disposal of £36.1m.

### 6. Staff cost and directors remuneration

	2017 £000	2016 £000
Wages and salaries	502	914
Other pension costs	16	4
Social security costs	62	60
	<u>580</u>	<u>978</u>

The Company operates a defined contribution pension plan. The total expense relating to this plan in the current year was £16,000 (2016: £4,000).

The average monthly number of people employed by the Group and providing services to the Company during the year, analysed by category, was as follows:

	2017 No.	2016 No.
Senior management	1	2
Business development	1	1
Project management	6	12
	<u>8</u>	<u>15</u>

Contracts of employment are with Clinigen Group plc and staff costs are paid by Clinigen Group plc. The cost of the services of the relevant employees are included in a management charge to the company from Clinigen Group plc including costs for share-based payments where relevant.

Certain Clinigen Group plc employees providing services to the company are granted share options under the group's share option plans. The costs associated with operating these plans and the share-based payment charge are recognised in the financial statements of Clinigen Group plc, whose shares the options are granted over. An element of the management charge to the company from Clinigen Group plc relates to this share-based payment charge. Further details on share-based payments are provided in note 18.

### 7. Interest payable and similar expenses

	2017 £000	2016 £000
Bank interest payable	-	(10)
	<u>-</u>	<u>(10)</u>

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 8. Interest receivable

	2017	2016
	£000	£000
Bank interest receivable	2	-

### 9. Tax on profit for the year

#### (a) Tax charged in the profit and loss account

	2017	2016
	£000	£000
Current income tax:		
Current tax on profit for the year	2,562	2,046
Adjustment in respect of prior years	8	(521)
<b>Tax on profit on ordinary activities</b>	<b>2,570</b>	<b>1,525</b>

#### (b) Reconciliation of the total tax charge

The reconciliation between tax expense and the accounting profit multiplied by the UK standard rate of corporation tax is as follows:

	2017	2016
	£000	£000
Profit before taxation	53,232	11,406
Tax calculated at UK standard rate of corporation tax of 19.75% (2016: 20.0 %)	10,513	2,281
Effects of:		
Expenses not deductible for tax purposes	2	2
Adjustment in respect of prior year	8	(521)
Exceptional items not taxable	(7,137)	-
Dividends received from subsidiary undertaking	(816)	(237)
<b>Total tax expense reported in the profit and loss account</b>	<b>2,570</b>	<b>1,525</b>

#### Change in Corporation Tax rate

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

### 10. Dividends

	2017	2016
	£000	£000
Dividend paid of £11,000 (2016: £9,500) per ordinary share	11,000	9,500

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 11. Investments

	2017	2016
<i>Cost or valuation</i>	<b>£000</b>	<b>£000</b>
At 1 July	14	14
Disposal in the year	(14)	-
	<hr/>	<hr/>
At 30 June	-	14
	<hr/>	<hr/>

During the year the Company received a dividend of \$5.1m (2016: \$1.0m) from its subsidiary undertaking, Clinigen CTS Inc.

The registered address of Clinigen CTS Inc. is 790 Township Line Road, Suite 120, Yardley, PA 19067, US.

On 30 June 2017, the Company sold its investment in Clinigen CTS Inc. to Clinigen Inc. (a fellow Group company registered in the USA), recognising an exceptional gain of £36.1m (see note 5).

### 12. Inventories

	2017	2016
	<b>£000</b>	<b>£000</b>
Finished goods and goods for resale	355	385
	<hr/>	<hr/>

Cost of inventories recognised as an expense in the year amounted to £66.5m (2016: £70.5m). There were no write downs of inventory to net realisable value during the year (2016: £nil).

### 13. Debtors: amounts falling due within one year

	2017	2016
	<b>£000</b>	<b>£000</b>
Trade debtors	23,060	15,872
Allowance for doubtful debts	(189)	(141)
Amounts owed by group undertakings	76,888	30,529
Prepayments and accrued income	205	1,392
	<hr/>	<hr/>
	99,964	47,652
	<hr/>	<hr/>

The amounts owed by group undertakings are non-interest bearing and receivable on demand.

### 14. Cash at bank and in hand

	2017	2016
	<b>£000</b>	<b>£000</b>
Cash at bank and in hand	1,954	4,281
	<hr/>	<hr/>

Due to the short-term nature of cash at bank and short-term deposits, and as the credit risk has been adjusted for where required, the carrying value approximates to their value. The credit risk of the banks was very low and therefore the carrying amount has not been adjusted; their credit ratings were RBS: BBB+ and HSBC: AA-.

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 15. Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	18,881	7,660
Amounts owed to group undertakings	28,535	27,294
Social security and other tax payable	842	794
Corporation tax payable	1,742	895
Accruals and deferred income	1,135	2,642
	<u>51,135</u>	<u>39,285</u>

The amounts owed to group undertakings are non-interest bearing and payable on demand.

### 16. Called up share capital

	2017	2016	2017	2016
<i>Issued and fully paid</i>	No.	No.	£000	£000
Ordinary shares of £0.001 (2016: £1) each	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1</u>

The balance classified as equity share capital includes the total net proceeds (nominal value) on issue of the Company's equity share capital, comprising £1 ordinary shares.

During the year the Company passed a special resolution to reduce the nominal value of each share in the company from £1 to £0.001 each which was approved by the court on 28 June 2017.

The holders of each class of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The shares are not redeemable.

A dividend of £11.0m (2016: £9.5m) was paid during the year to the ultimate parent undertaking, Clinigen Group plc.



## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 17. Financial instruments

The foreign currency forward contracts outstanding at the reporting dates are as follows:

	2017	2016
	£000	£000
As at 1 July	(958)	106
Fair value movement recognised in the profit and loss account (note 4)	1,572	(1,064)
Fair value movement recognised in other comprehensive income	289	-
	<hr/>	<hr/>
As at 30 June	903	(958)
	<hr/>	<hr/>

A summary of the financial instruments held by the Company is provided below:

	2017		2016	
	Assets	Liabilities	Assets	Liabilities
	£000	£000	£000	£000
Forward foreign exchange contracts – cash flow hedges	858	-	-	-
Forward foreign exchange contracts – held-for-trading	45	-	-	958
	<hr/>	<hr/>	<hr/>	<hr/>
	903	-	-	958
	<hr/>	<hr/>	<hr/>	<hr/>

The notional principal amounts of the outstanding forward foreign exchange contracts at 30 June 2017 were £19,151,000 (2016: £16,300,000).

#### Foreign currency forward contracts

The Company uses foreign currency forward contracts to hedge against fluctuations in foreign currency exchange rates.

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The table below analyses the fair value of the Company's assets and liabilities, into a fair value hierarchy based on the valuation technique used to determine fair value.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
<b>2017</b>				
<b>Assets measured at fair value (see below):</b>				
Derivative financial instruments	-	903	-	903
	<hr/>	<hr/>	<hr/>	<hr/>
<b>2016</b>				
<b>Liabilities measured at fair value (see below):</b>				
Derivative financial instruments	-	(958)	-	(958)
	<hr/>	<hr/>	<hr/>	<hr/>

There have been no transfers between level 1, level 2 or level 3 during the year.

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 17. Financial instruments (continued)

#### *Fair values of financial instruments*

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Fair value	Carrying amount	Fair value	Carrying amount
	2017	2017	2016	2016
	£000	£000	£000	£000
<b>Loans and receivables</b>				
Cash and cash equivalents	1,954	1,954	4,281	4,281
Debtors excluding prepayments (note 13)	99,758	99,758	46,260	46,260
<b>Total loans and receivables</b>	<b>101,712</b>	<b>101,712</b>	<b>50,541</b>	<b>50,541</b>
<b>Financial assets designated as fair value through profit or loss</b>				
Derivative financial instruments	45	45	-	-
<b>Derivatives used for hedging</b>				
Derivative financial instruments	858	858	-	-
<b>Total financial assets</b>	<b>102,615</b>	<b>102,615</b>	<b>50,541</b>	<b>50,541</b>
<b>Financial liabilities measured at amortised cost</b>				
Creditors excluding corporation tax, social security and other tax creditors (note 15)	(49,393)	(49,393)	(38,390)	(38,390)
<b>Financial liabilities designated as fair value through profit or loss</b>				
Derivative financial instruments	-	-	(958)	(958)
<b>Total financial liabilities</b>	<b>(49,393)</b>	<b>(49,393)</b>	<b>(39,348)</b>	<b>(39,348)</b>
<b>Total financial instruments</b>	<b>53,222</b>	<b>53,222</b>	<b>11,193</b>	<b>11,193</b>

Management considers that the carrying amount of financial assets and liabilities recognised at amortised cost in the financial statements approximate their fair value. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Derivatives are only used for economic hedging purposes and not as speculative instruments. Derivatives are classified as held for trading and accounted for as at fair value through profit or loss unless they are designated as hedges. Where derivatives meet the hedging criteria for accounting purposes and are designated for hedge accounting they are classified as derivatives used for hedging.

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 18. Share-based payments

The parent company, Clinigen Group plc operates five (2016: five) equity-settled share-based remuneration schemes which employees of the Group who provide services to the Company can be granted options under.

A recharge of £450,000 has been made to the company being an element of the Group's share-based payment charge based on the group employees directly providing services to the company and a proportion of the charge relating to the directors and senior employees who have group wide responsibilities.

Employees, of the Company, hold options under the following Group schemes:

Plan	Tax authority status	Employees	Granting, vesting conditions and exercise of share options
Clinigen Group Long Term Incentive Plan	Unapproved	All employees	<p>Subject to performance criteria comparing total shareholder return versus the FTSE Small Cap Index (excluding investment companies) over a 3 year period.</p> <p>If the individual leaves earlier than the earliest vesting date, they may, if certain conditions are met, be still entitled to a proportion of the shares.</p>
Clinigen Group Sharesave Plan	HMRC approved	All employees	<p>Options are exercisable at a price equal to the average opening price as published in the Financial Times on the date of invitation and the 2 dealing days preceding the date of invitation, less 20%.</p> <p>3 year vesting period.</p> <p>If options remain unexercised after a period of 6 months from the vesting date the options expire.</p> <p>If monthly contributions are not made for more than 6 months over the 3 year period, the options lapse.</p>
Clinigen Group Company Share Option Plan	HMRC approved	All employees	<p>Options granted to employees who have invested in the shares of the Company.</p> <p>Options are granted to match the shares acquired by the employee or those granted through the initial grant under the Sharesave.</p> <p>3 year vesting period.</p> <p>Options vest if employee still owns shares in 3 years or exercises their options under the Sharesave.</p>
Clinigen Group All Staff Long Term Incentive Plan	Unapproved	All employees	<p>Subject to performance criteria comparing total shareholder return versus the FTSE Small Cap Index (excluding investment companies) over a 3 year vesting period and a performance condition measuring the EPS of the Group against target EPS over a 3 year period.</p> <p>If the individual leaves earlier than the earliest vesting date, entitlement is at the discretion of the Remuneration Committee.</p>
Clinigen Group Long Term Incentive Plan 2015	Unapproved	All employees	<p>Subject to performance criteria comparing total shareholder return versus the FTSE Small Cap Index (excluding investment companies) over a 3 year vesting period and a performance condition measuring the EPS of the Group against target EPS over a 3 year period.</p> <p>If the individual leaves earlier than the earliest vesting date, their share option lapses.</p>

## Notes to the financial statements (continued)

for the year ended 30 June 2017

### 19. Contingent liabilities

The Company guarantees both the fixed term loan and the revolving credit facility of its parent company Clinigen Group plc. The balance of these facilities at 30 June 2017 was £63.8m (2016: £97.3m).

At 30 June 2017, the Group had a total bank facility of £122.0m available (2016: £131.0m), which consisted of a five year fixed term repayment loan of £27.0m (2016: £36.0m) and a revolving credit facility (RCF) of £95.0m (2016: £95.0m).

On 1 November 2017 the Group acquired Quantum Pharma plc. To finance this acquisition, the Group's bank facility has been extended for 5 years to 2022 and increased to £200m. A further option to increase this facility by £20m to £220m has been exercised which may be renewed at the option of the Group after an initial 6 month period. The term loan has been repaid in full with the extended facility consisting entirely of RCF.

### 20. Capital commitments

The Company has no capital commitments (2016: none).

### 21. Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary undertaking of Clinigen Healthcare Limited. The Company's ultimate parent undertaking and controlling party is Clinigen Group plc, a company registered in the United Kingdom.

Clinigen Group plc is the parent undertaking of the largest group of which the Company is a member. The consolidated financial statements of this group may be obtained from Pitcairn House, Crown Square, Centrum 100, Burton-on-Trent, Staffordshire, DE14 2WW.

### 22. Post balance sheet events

On 1 July 2017, the Company's trade, assets and liabilities were hived up into its parent undertaking, Clinigen Healthcare Limited, at their book value of £52m, satisfied by way of an outstanding intercompany receivable, and the Company ceased to trade.