

**Albany Molecular Research (UK) Limited**

**Directors' report and financial  
statements**

**Registered number 05125002**

**Year ended 31 December 2015**

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## Company information

### Directors

D J Shepherd (Resigned 30 June 2015)  
L M Henderson  
M Nolan (Resigned 3 February 2015)  
F Ladin (Appointed 30 June 2015)

### Auditor

KPMG LLP  
1 St Peter's Square  
Manchester  
M2 3AE

### Bankers

Barclays  
5 St Ann's Street  
Quayside  
Newcastle upon Tyne  
NE1 3DX

### Solicitors

DLA Piper UK LLP  
Princes Exchange Princes Square  
Leeds  
LS1 4BY

### Registered Office

Mostyn Road  
Holywell  
Flintshire  
CH8 9DN

## Strategic report

The directors present their annual strategic report and the audited financial statements for the financial year ended 31 December 2015.

### Principal activities

The principal activity of the company during the year was the manufacture and provision of pharmaceutical products and the delivery of development services. The company offers a distinctive mix of technologies, resources and facilities for the process development scale up and manufacture of Active Pharmaceutical Ingredients and advanced intermediates.

### Results and dividends

The profit for the year after taxation amounted to £85,312 (2014: Loss £3,283,999). The directors do not recommend payment of a final ordinary dividend.

### Business review

In April 2015 the ultimate parent company Albany Molecular Research Inc. announced the closure of the Holywell Site by the end of 2015, after following due legal process with consultation with all employees on Site. The reason for the decision to close was that the original strategy for the Site had been to act as a conduit between Europe and the United States. However, the Site had not been able to do this in a way that maximises value for our customers and shareholders and is not aligned to the strategic direction of the company. This decision to close Holywell did not affect the smaller part of the business based at Erl Wood, Surrey where we have an Insourcing agreement for AMRI chemists working for a major customer.

The accounts have been prepared disclosing the Continuing and Dis-continued businesses of Erl Wood and Holywell respectively.

For the Dis-continued, business operations continued throughout 2015 and Holywell ceased operations in late December. Throughout this period the Site delivered significant growth in turnover to £12,351,788 from the previous year, a 23% increase, as a result of the customers for our key products increasing their annual demands to receive safety stock to cover the period of transfers to other AMRI sites to start manufacture, or to find other suppliers. With the focus on manufacturing established products to meet customer demand, development projects were significantly a lower proportion of revenue than in previous years, gaining cost efficiencies and strategic price increases on certain products, improved the gross margin to 21.2% from the previous year 0.6%.

In this period Restructuring costs were being incurred relating mainly to the payment of severance packages to employees by way of voluntary and then eventually compulsive redundancy. The decommissioning project costs estimated to be incurred in 2016 up to the end of April have been provided for.

The Continuing business at Erl Wood has seen revenue growth of 266% from 2014 as this period reflects a full twelve months trading compared to only three months in 2014, where Albany Molecular Research (UK) Ltd took on the contract at the end of September 2014.

### Key performance indicators

The local management use a number of financial and non-financial indicators to measure the performance of the business. The financial indicators include revenue growth, booked to bill ratio (orders received compared to invoices raised), gross margin and opportunity visible pipeline; the key non-financial indicators include safety metrics, absenteeism and delivery adherence. For the year to December 2015 the year on year revenue growth was 34% (2014: 40%).

### Principal Risks and Uncertainties

The company operates in an extremely competitive Contract Research Organisation market environment. The key risks and uncertainties identified as facing the business are:

1. Competition from Far East companies that operate within a lower cost base and hence are able to attract business at lower prices. This may be mitigated by implementing cost reduction initiatives and operating to high standards of quality and customer service.

## Strategic report (continued)

2. The company may be impacted by strategic decisions of large customers and their internal product pipelines. The business is mitigating this by seeking to diversify its portfolio and working with customers in other markets and with later phase / commercial products.

### Future Developments

The company continues to build on the sales growth by way of investment in its quality standards, people and equipment; and constantly reviewing and fine tuning the sales and operation strategies.

By order of the board,



**L. M. Henderson**  
*Director*

Mostyn Road  
Holywell  
Flintshire  
CH8 9DN

Date: 9/26/16

## Directors' report

The directors present their directors' report and the audited financial statements for the financial year ended 31 December 2015.

### Directors

The directors who held office during the year were as follows:

D J Shepherd	(Resigned 30 June 2015)
L M Henderson	
M Nolan	(Resigned 3 February 2015)
F Ladin	(Appointed 30 June 2015)

M Nolan was also an executive officer of the ultimate parent undertaking, Albany Molecular Research Inc. and his interests in this company are disclosed in the group financial statements of that company.

### Going concern

Based on the most recent projections and the expectations of on-going financing, the directors have prepared the financial statements on a going concern basis. This is explained further in note 1 to these financial statements.

### Political and charitable contributions

During the year, the company made charitable donations totalling £nil (2014: £250) and political contributions of £nil (2014: £Nil).

### Disclosure of information to the 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 he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

### Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board,



L M Henderson  
Director

Mostyn Road  
Holywell  
Flintshire  
CH8 9DN

Date: 9/20/16

## **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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent ;
- state whether applicable 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.

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.



## KPMG LLP

1 St Peter's Square  
Manchester  
M2 3AE  
United Kingdom

### **Independent auditor's report to the members of Albany Molecular Research (UK) Limited**

We have audited the financial statements of Albany Molecular Research (UK) Limited for the year ended 31 December 2015 set out on pages 8 to 19. 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 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 5, 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 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](http://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 December 2015 and of its profit for the year 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.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Directors' report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.



**Independent auditor's report to the members of Albany Molecular Research (UK) Limited (continued)**

**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.

*Hywel Jones*

Hywel Jones (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants  
1 St Peter's Square  
Manchester  
M2 3AE

29 September 2016

**Profit and Loss Account and other comprehensive Income**  
*for the year ended 31 December 2015*


	Note	2015			2014		
		Continuing £	Dis- continued £	Total £	Continuing £	Dis- continued £	Total £
<b>Turnover</b>	2	1,640,509	12,351,788	13,992,297	448,387	10,008,431	10,456,818
<b>Cost of sales</b>		(1,302,982)	(9,107,193)	(10,410,175)	(342,826)	(9,270,364)	(9,613,190)
<b>Gross profit</b>		337,527	3,244,595	3,582,122	105,561	738,067	843,628
<b>Administrative expenses</b>		-	(628,881)	(628,881)	-	(731,819)	(731,819)
<b>Operating profit</b>	2-3	337,527	2,615,714	2,953,241	105,561	6,248	111,809
Exceptional item - Tangible assets impairment		-	-	-	-	(1,758,334)	(1,758,334)
Exceptional item - Write off of intercompany balance		-	-	-	-	(1,582,302)	(1,582,302)
Exceptional item – Restructuring costs	4	-	(2,800,406)	(2,800,406)	-	-	-
<b>Profit/(loss) on ordinary activities before interest and taxation</b>		337,527	(184,692)	152,835	105,561	(3,334,388)	(3,228,827)
Other interest receivable and similar income	7	-	910	910	-	492	492
Interest payable and similar charges	7	-	(68,433)	(68,433)	-	(55,664)	(55,664)
<b>Profit/(loss) on ordinary activities before taxation</b>		337,527	(252,215)	85,312	105,561	(3,389,560)	(3,283,999)
Tax on profit/(loss) on ordinary activities	8	-	-	-	-	-	-
<b>Profit/(loss) for the financial period</b>		337,527	(252,215)	85,312	105,561	(3,389,560)	(3,283,999)
<b>Other comprehensive income</b>							
<b>Total comprehensive income for the year</b>				85,312			(3,283,999)

**Balance Sheet**  
*at 31 December 2015*

	<i>Note</i>	<b>31 December 2015 £</b>	<b>31 December 2014 £</b>
<b>Current assets</b>			
Tangible assets	9	1,486,011	1,752,946
Stocks	10	-	1,294,740
Debtors	11	2,967,911	2,855,024
Cash at bank and in hand		2,550,256	732,828
		<u>7,004,178</u>	<u>6,635,538</u>
<b>Creditors: amounts falling due within one year</b>	12	<b>(3,563,978)</b>	<b>(3,280,650)</b>
		<u>3,440,200</u>	<u>3,354,888</u>
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	13	10,545,000	10,545,000
Capital contribution		6,271,507	6,271,507
Profit and loss account		(13,376,307)	(13,461,619)
		<u>3,440,200</u>	<u>3,354,888</u>
<b>Shareholders' funds</b>			
		<u>3,440,200</u>	<u>3,354,888</u>

The notes on pages 11 to 19 form part of the financial statements.

These financial statements were approved by the board of directors on 26/9/16 and were signed on its behalf by:

  
**L M Henderson**  
Director

**Statement of Changes in Equity**  
*At 31 December 2015*

	Called up share capital £	Capital contribution £	Profit and loss account £	Total Equity £
Balance at 1 January 2014	9,995,000	6,271,507	(10,177,620)	6,088,887
<b>Total comprehensive loss for the period</b> (Loss) for the year	-	-	(3,283,999)	(3,283,999)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	-	(3,283,999)	(3,283,999)
Transactions with owners, recorded directly in equity Issue equity	550,000	-	-	550,000
<b>Total contributions by and distributions to owners</b>	550,000	-	-	550,000
<b>Balance at 31 December 2014</b>	<b>10,545,000</b>	<b>6,271,507</b>	<b>(13,461,619)</b>	<b>3,354,888</b>

	Called up share capital £	Capital contribution £	Profit and loss account £	Total Equity £
Balance at 1 January 2015	10,545,000	6,271,507	(13,461,619)	3,354,888
<b>Total comprehensive income for the period</b> Profit for the year	-	-	85,312	85,312
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	85,312	85,312
Transactions with owners, recorded directly in equity Issue equity	-	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-	-
<b>Balance at 31 December 2015</b>	<b>10,545,000</b>	<b>6,271,507</b>	<b>(13,376,307)</b>	<b>3,440,200</b>

The notes on pages 11 to 19 form an integral part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Albany Molecular Research (UK) Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The presentation currency of these financial statements is sterling. In the transition to FRS 102 from UK GAAP, the Company has made no measurement and recognition adjustments.

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

The Company's ultimate parent undertaking, Albany Molecular Research Inc. includes the Company in its consolidated financial statements. The consolidated financial statements of Albany Molecular Research Inc. are available to the public and may be obtained from 26 Corporate Circle, Albany, NY, USA. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

### Basis of preparation

The accounts have been prepared on the going concern basis as the company's ultimate parent undertaking, Albany Molecular Research Incorporated has undertaken to provide continuing financial support.

The company has a contract with a large pharmaceutical company at their Erl Wood facility which was signed in 2014 for at least three years and will generate revenue and profits through the UK company.

### Tangible fixed assets and depreciation

All fixed assets are initially recorded at cost.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset over its expected useful life, as follows:

Freehold property and improvements	-	10 to 40 years, straight line
Plant and machinery	-	5 to 12 years, straight line

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

### Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. To the extent that invoices are raised in advance of supply, appropriate adjustments are made through deferred income.

### Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

## Notes (continued)

### 1 Accounting policies (continued)

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition as follows:

Raw materials and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods based on a normal level of activity	-	cost of direct materials and labour plus attributable overheads

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### Research and development

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured. Any expenditure carried forward is amortised in line with the expected future sales from the related project. Amortisation commences when commercial production of products from the related project begins.

#### Deferred tax

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred taxation assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred taxation is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### Operating leases

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### Pensions

The company operates a defined contribution pension scheme and contributes to personal pension arrangements for certain directors. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the schemes.

#### Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

## Notes (continued)

### 2 Analysis of turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties except in respect of contracting activities where turnover represents the value of work carried out during the period including amounts not invoiced. Turnover is wholly attributable to the company's principal continuing activity.

An analysis of turnover by geographical market is given below:

	2015			2014		
	Continuing	Dis-continued	Total £	Continuing	Dis-continued	Total £
<i>By geographical market</i>						
United Kingdom	1,612,046	3,151,008	4,763,054	448,387	3,323,295	3,771,682
European Union (excluding UK)	-	517,374	517,374	-	297,152	297,152
Asia/Australasia	-	4,103,613	4,103,613	-	3,904,939	3,904,939
North America	28,463	4,571,830	4,600,293	-	2,435,706	2,435,706
Rest of World	-	7,963	7,963	-	47,339	47,339
	<u>1,640,509</u>	<u>12,351,788</u>	<u>13,992,297</u>	<u>448,387</u>	<u>10,008,431</u>	<u>10,456,818</u>

### 3 Operating Profit

This is stated after charging:

	31 December 2015 £	31 December 2014 £
Auditor's remuneration - audit	25,000	22,000
Depreciation of owned tangible assets	346,157	303,364
Operating lease rentals – plant & machinery	35,950	35,950
	<u>407,107</u>	<u>661,314</u>

### 4 Exceptional item – Restructuring costs

	31 December 2015 £	31 December 2014 £
Restructuring costs	2,800,406	-
	<u>2,800,406</u>	<u>-</u>

As part of the announcement to close the Holywell site in April 2015 non-revenue generating costs associated with the closure of the Site were incurred and treated as exceptional. The costs are specific to the closure and the majority of this cost relates to employee severance packages.

## Notes (continued)

### 5 Remuneration of directors

	31 December 2015 £	31 December 2014 £
Directors' emoluments	47,632	115,596
Company contributions to money purchase pension schemes	3,964	7,720

#### Number of directors

	31 December 2015 No	31 December 2014 No
Members of money purchase schemes	-	1

DJ Shepherd resigned as a Director on the 30<sup>th</sup> June 2015. The remaining Directors are Executive Officers of the Ultimate Parent Company and do not receive a remuneration from this company. During 2014 a director who resigned on the 31<sup>st</sup> March 2014 had his salary recharged to Albany Molecular Research Incorporated which reflects his position in the group as Vice President of Chemical Development, a corporate position. The proportion of emoluments reflecting his services for this company during 2015 was £nil (2014: £6,649).

### 6 Staff numbers and costs

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

	Number of employees			Number of employees		
	Continuing	Dis-continued	2015 Total	Continuing	Dis-continued	2014 Total
Management	-	5	5	-	6	6
Administration	-	2	2	-	3	3
Production	32	49	81	8	55	63
	32	56	88	8	64	72

The aggregate payroll costs of these persons were as follows:

	Continuing £	Dis-continued £	2015 Total £	Continuing £	Dis-continued £	2014 Total £
Wages and salaries	1,108,289	3,692,038	4,800,327	302,598	2,278,052	2,580,650
Social security costs	117,865	337,228	455,093	33,016	242,225	275,241
Other pension costs	69,292	153,159	222,451	7,212	137,068	144,280
	1,295,446	4,182,425	5,477,871	342,826	2,657,345	3,000,171



**Notes (continued)**

**7 Interest payable and similar charges**

	31 December 2015 £	31 December 2014 £
Finance costs	68,433	55,664

**8 Taxation**

(a) There is no tax charge for the period.

(b) Total tax expense

The tax assessed on the loss on ordinary activities for the period is lower (2014: *higher*) than the standard rate of corporate tax in the UK of 21.25% (2014: 21.50%). The differences are reconciled below:

	31 December 2015 £	31 December 2014 £
<i>Reconciliation of effective tax rate</i>		
Profit/(loss) on ordinary activities before tax	85,312	(3,283,999)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.25% (2014: 21.50%).	18,128	(706,060)
<i>Effects of:</i>		
Disallowed expenses and non taxable income	(2,817)	340,195
Depreciation and impairment of fixed assets for period in excess of capital allowances	(16,303)	307,307
Other timing differences	-	1,845
(Utilised)/unrelieved tax losses and other deductions in the period	(992)	56,713
Total tax expense included in profit or loss	-	-

## Notes (continued)

### 8 Taxation (continued)

(c) Factors that may affect future tax charges.

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 3 April 2016 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge and deferred tax liability accordingly.

The unrecognised deferred taxation asset is as follows:

	31 December 2015 £	31 December 2014 £
Tax losses	1,364,812	1,516,093
Other timing differences	5,713	3,848
Accelerated capital allowances	218,686	264,200
	<u>1,589,211</u>	<u>1,784,141</u>

### 9 Tangible fixed assets

	Freehold property £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2015	2,500,000	4,208,570	6,708,570
Additions	-	79,222	79,222
	<u>2,500,000</u>	<u>4,287,792</u>	<u>6,787,792</u>
At 31 December 2015	2,500,000	4,287,792	6,787,792
<b>Depreciation</b>			
At 1 January 2015	1,690,093	3,265,531	4,955,624
Provided during the year	23,750	322,407	346,157
Impairment adjustment	(305,171)	305,171	-
	<u>1,408,672</u>	<u>3,893,109</u>	<u>5,301,781</u>
At 31 December 2015	1,408,672	3,893,109	5,301,781
<b>Net book value</b>			
At 31 December 2015	<u>1,091,328</u>	<u>394,683</u>	<u>1,486,011</u>
At 31 December 2014	<u>809,907</u>	<u>943,039</u>	<u>1,752,946</u>

**Notes (continued)**

**10 Stocks**

	31 December 2015 £	31 December 2014 £
Raw materials and consumables	-	674,666
Work in progress – intermediates	-	620,074
	<u>-</u>	<u>1,294,740</u>

**11 Debtors**

	31 December 2015 £	31 December 2014 £
Trade debtors	2,566,042	2,484,865
Amounts owed by parent undertakings	342,269	-
Amounts owed by group undertakings	28,758	-
Other debtors	-	65,113
Prepayments and accrued income	30,842	305,046
	<u>2,967,911</u>	<u>2,855,024</u>

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

	31 December 2015 £	31 December 2014 £
Trade creditors	227,681	999,928
Amounts payable to group undertakings	115,055	650,238
Loan payable to group undertaking – AMRI Singapore	1,245,935	1,132,225
Loan payable to group undertaking – AMRI Glasgow	455,038	-
Other taxes and social security costs	325,652	110,227
Other creditors	1,128,318	288,424
Accruals	66,299	99,608
	<u>3,563,978</u>	<u>3,280,650</u>

In October 2014 Albany Molecular Research (UK) Ltd entered in to a loan agreement with Albany Molecular Research Singapore Pte. Ltd for the principal sum of \$1,750,000, with a maturity date of October 2019. Interest shall be accrued equal to one year of GBP LIBOR plus a margin of 3.25%, reset on the anniversary of the agreement. The balance is included in current liabilities as settlement of the loan in full was made in February 2016.

In June 2015 Albany Molecular Research (UK) Ltd entered in to a loan agreement with Albany Molecular Research (Glasgow) Limited for the principal sum of £450,000 with a maturity date of 30 September 2016. Interest shall be accrued equal to one year of GBP LIBOR plus a margin of 1%. The balance is included in current liabilities as settlement of the loan in full was made in February 2016.

**Notes (continued)**

**13 Called up share capital**

	31 December 2015 £	31 December 2014 £
<i>Allotted, called up and fully paid</i>		
105,450,000 (2014: 105,450,000) Ordinary shares of £ 0.10 each	10,545,000	10,545,000

**14 Pension commitments**

The company operates a defined contribution pension scheme on behalf of the directors and certain employees and contributes to personal pension arrangements for certain directors. The assets of the schemes are held separately from those of the company in independently administered funds. The company had outstanding liabilities at the 31 December 2015 of £77,402 (2014: £31,923).

**15 Operating leases**

a) At 31 December 2015 the company had annual commitments under non-cancellable operating leases as set out below:

	31 December 2015 £	Other 31 December 2014 £
Operating leases which expire:		
Less than one year	35,950	-
Between one and five years	-	35,950

During the year £35,950 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £35,950).

**16 Capital commitments**

The Company contractual commitments to purchase tangible fixed assets at the year-end were £Nil (2014: £103,000).

**17 Related party transactions**

The company has taken advantage of the exemption permitted by Financial Reporting Standard 8 and has not disclosed transactions with other group companies.

**18 Parent undertaking**

The company's immediate parent undertaking is Albany Molecular Research Limited, which is incorporated in the United Kingdom. Copies of the financial statements for Albany Molecular Research Limited are available from its registered office: Mostyn Road, Holywell, Flintshire, CH8 9DN.

**Notes** *(continued)*

**19 Ultimate parent undertaking and controlling party**

The company's ultimate parent undertaking and controlling party is Albany Molecular Research Incorporated, a NASDAQ quoted company, which is incorporated in the United States of America. Copies of the financial statements for Albany Molecular Research Incorporated are available from its registered office: 26 Corporate Circle, Albany, NY.