

Registration number: 05370591

# Piramal Healthcare UK Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2021

KNAV  
Statutory Auditors  
Hygeia Building  
Ground Floor  
66-68 College Road  
Harrow  
Middlesex  
HA1 1BE



## **Piramal Healthcare UK Limited**

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## **Piramal Healthcare UK Limited**

### **Company Information**

<b>Directors</b>	Mr T B Cooke
	Mr C Leahy
	Mr V Valsaraj
	Mr J Mclean
	Mr P D Deyoung
<b>Company secretary</b>	Mr C Leahy
<b>Registered office</b>	Whalton Road
	Morpeth
	Northumberland
	NE61 3YA
<b>Auditors</b>	KNAV
	Statutory Auditors
	Hygeia Building
	Ground Floor
	66-68 College Road
	Harrow
	Middlesex
	HA1 1BE

## **Piramal Healthcare UK Limited**

### **Strategic Report for the Year Ended 31 December 2021**

The directors present their strategic report for the year ended 31 December 2021.

#### **Principal activity**

The principal activity of the company is that of distribution, manufacturing and packaging of chemical intermediates and finished products for the pharmaceutical industry.

#### **Fair review of the business**

The core strategy of the company remains the growth of the pharmaceutical contract development and manufacturing businesses at both the Morpeth and Grangemouth facilities, the former specialising in APIs and oral solids with Grangemouth having a niche capability in Antibody Drug Conjugation (ADC). Growth is achieved through securing and transferring new commercial products from the global customer base in addition to moving clinical programmes through the various stages of clinical trials towards commercial launch. The Company also develops and supplies a range of pharmaceutical products to global markets. These products are at various stages of the development cycle and for those products which have achieved regulatory approval, commercial sales are recognised in the accounts.

The profit for the year, after taxation, amounted to £3,776,810 (2020: £4,423,398).

	<b>2021</b>	<b>2020</b>	<b>Change</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Turnover	73,014	80,827	(7,813)
Profit before tax	4,255	5,595	(1,340)
Head count	600	592	8

Key financial and non-financial performance indicators used to assess performance are turnover, profit and headcount. These are reported in the management accounts and reviewed by the Board and key stakeholders on a monthly basis.

Turnover was down 10% from £80.8m to £73.0m compared to 2020, mainly driven by some supply chain (COVID) related delays for key materials and components plus some plant operational challenges and product deviations. As a result of this, the company's profit before tax for the period reduced, however, this was offset by a one-time settlement gain relating to a US product launch. Headcount grew by eight during the year, due to normal operational requirements.

The Directors expect revenues and profit in 2022 to improve over 2021 due to a steady improvement in the above operating challenges, but also due to an improved order pipeline for the Grangemouth site for ADCs.

External debt (Loans and Borrowings less Cash at Bank and Invoice Financing Facilities) reduced from £12.5m in 2020 to £12.4 in 2021 as a result of the company's cash management process.

## **Piramal Healthcare UK Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Principal risks and uncertainties**

The company, in conjunction with the ultimate parent company, has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company. The policies set out by the board and agreed with the ultimate parent company are implemented by the company's directors.

The directors monitor performance through the production of management accounts on a monthly basis. Additionally, the directors monitor key performance indicators on a monthly basis to ensure they are within acceptable parameters. These include revenue, operating profits, earnings before interest tax and amortisation (EBITDA), working capital, customer service, cash flows from operating activities and headcount.

Risks considered by management include the following:

#### **Credit risk**

The company has implemented policies that require appropriate credit checks on customers before sales are made to minimise the risk of financial loss.

#### **Liquidity risk**

The company maintains sufficient funds and generates cash from operations to meet working capital requirements. The company has access to short term financing options with the bank and if required, finance facilities from fellow group undertakings. The company regularly monitors and reports compliance with bank covenants and undertakes regular cash flow forecasting in order to ensure working capital requirements are met.

#### **Regulatory risk**

The pharmaceutical industry in general is highly regulated both nationally and internationally. The company ensures adherence of these regulations and its supply chain is also encouraged to do the same.

#### **Foreign exchange risk**

The company has the risk of foreign currency fluctuations associated with U.S. Dollar and Euro dominated transactions both from the sale and purchases of products. This is monitored closely by management, however, due to a high portion of the business being naturally hedged, the company is not overly exposed to currency fluctuations.

#### **Brexit Risk**

The Company continues to monitor Brexit related developments and reviews this alongside other macroeconomic and geopolitical risks on a regular basis. The company specifically monitors how this could impact the sale and testing of pharmaceutical products from the UK to the EU. The company has taken a proactive approach in safeguarding themselves and their key stakeholders (e.g. customers, suppliers etc.) by setting up a quality control facility in the Netherlands to ensure and uninterrupted supply of products to customers.

#### **Covid-19**

The Covid-19 pandemic created a major disruptive influence on the economy and though the UK pharmaceutical industry was able to operate throughout, the company experienced some supply chain issues as a result of the pandemic. The company's management is closely monitoring and collaborating with customers, manufacturing partners and logistics partners to ensure uninterrupted supply of products. It is expected that the demand for the company's products will grow with ease of restrictions and the structure of the market will be broadly remain unaffected.

## **Piramal Healthcare UK Limited**

### **Strategic Report for the Year Ended 31 December 2021 (continued)**

#### **Section 172(1) statement**


The Directors are well aware of their duty under s.172 of the Companies Act 2006 to act in the way which they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole and, in doing so, to have regard (amongst other matters) to:

- the likely consequences of any decision in the long term;
- the interests of the Company's employees;
- the need to foster the Company's business relationships with suppliers, customers and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly as between members of the Company, (the "s.172(1) Matters").

The following paragraphs summarise how the Directors' fulfil their duties:

1. Our strategic plans are designed to have a long-term beneficial impact on the company and the group at large.
2. Our employees are critical to the delivery of our plans. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business.
3. Our global suppliers are vital to our Supply Chain and ability to serve our customers. We value all of our suppliers as an extension of our enterprise, and have several multi-year contracts with our key suppliers to ensure that we maintain strong relationships with them and to provide continued high quality products to our customers. The directors recognises that building strong relationships with our stakeholders will help us to deliver our strategy in line with our long-term values. The directors continuously monitor the impact of any decision taken, on their stakeholders, including suppliers, customers and others.
4. The Piramal group as a whole has core values of Knowledge, Action, Care & Impact which are embedded in the group and its subsidiaries. We support several social causes and provide high quality pharmaceutical products to multiple countries around the world.
5. As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.
6. Communication with our shareholder is important for the Board. By maintaining dialogue with our shareholder, we aim to ensure that their views are heard and that our objectives are understood.

This report was approved by the Board on 11 May 2022 and signed on its behalf by:



Mr C Leany  
Director

## **Piramal Healthcare UK Limited**

### **Directors' Report for the Year Ended 31 December 2021**

The directors present their report and the financial statements for the year ended 31 December 2021.

#### **Directors of the company**

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

Mr T B Cooke (appointed 12 November 2021)

Mr C Leahy

Mr V Valsaraj

Mrs H I G Ogden (resigned 31 March 2021)

Mr Robert Ian Haxton (resigned 23 September 2021)

Mr J Mclean (appointed 16 April 2021)

Mr P D Deyoung

#### **Results and dividends**

The Company's financial results have been discussed in the Strategic Report. During the year no dividends have been paid or declared (2020: No dividends had been paid or declared).

#### **Financial risk management**

##### ***Objectives and policies***

The directors make use of the ultimate parent company's risk management team to monitor and where possible mitigate the risks faced by the business. The Directors' have identified and included the Company's key risks and associated management policies in the Strategic Report on pages 2 & 3.

#### **Employment of disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

#### **Employee involvement**

The company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings. The employees (or their representatives) are consulted regularly on a wide range of matters affecting their current and future interests.

#### **Future developments**

Please refer to the Strategic Report on page 2.

#### **Research and development**

The company is committed to a program of continued improvement of the existing product range; refer to note 13 for further details.

## Piramal Healthcare UK Limited

### Directors' Report for the Year Ended 31 December 2021 (continued)

#### Statement of engagement with suppliers, customers and others in a business

Please refer to the Strategic Report on page 4.

#### Statement of carbon emissions in compliance with Streamlined Energy and Carbon Reporting (SECR)

The SECR disclosure presents Piramal Healthcare UK Limited carbon footprint across Scope 1, 2, and Scope 3 to some extent. This report also indicates an appropriate intensity metric, the total energy use of electricity, gas, and transport fuel. A summary of energy efficiency actions taken during the relevant financial year and the figures for the previous year are included as well.

Energy consumption used to calculate emissions	48,185,122	52,421,247	kWh
Emissions from combustion of gas (Scope 1)	5,039	5,038	tCO <sub>2</sub> e
Emissions from combustion of fuel for transport purposes (Scope 1)	11	18	tCO <sub>2</sub> e
Emissions from business travel in rental cars or employee-owned vehicles (Scope 3)	8	9	tCO <sub>2</sub> e
Emissions from purchased electricity (Scope 2, location-based)	4,372	5,806	tCO <sub>2</sub> e
Total gross tCO <sub>2</sub> e based on above	9,430	10,871	
Intensity ratio 1 (kgCO <sub>2</sub> e/sales revenue in £m)	0.1340	0.1453	
Intensity ratio 2 (tCO <sub>2</sub> e/number of employees)	16	18	

#### Energy efficiency action summary

In 2021, Piramal Healthcare UK Limited confirmed the continuous efforts to achieve direct and indirect savings in energy and associated carbon emissions through operational and technological improvements. Savings of approximately 1400 tCO<sub>2</sub>e in our carbon footprint in comparison to 2020 are attributable to the reduction of emissions from combustion of transport fuel and electricity consumption, partly due to the continuation of coronavirus restrictions. The reduction of electric power consumption is also correlated to the implementation of energy efficiency measures and to the enhancement of efficiency in the UK grid.

Further energy efficiency actions taken in the financial year 2021 include:

- Ongoing implementation of energy-saving LED lighting.
- Replacement of Chemical 1 Domestic Hot Water Calorifier.
- Replacement of Chemical 1 Process Hot Water Calorifier.
- Phase 1 FGAS 2020 Compliance Works - new energy-efficient air conditioning units.
- New Compressor to supply PSA System - currently it is being installed and the conclusion is planned to 2022.
- Replacement of 4 aged LEV's with inverter drive systems.
- Replacement of 6 aged motors with IE3 Motors.
- Upgrading BMS system with Schneider Eco Structure planned for 2022.

#### Methodology notes

Reporting Period

1st of January 2021 – 31st of December 2021



## Piramal Healthcare UK Limited

### Directors' Report for the Year Ended 31 December 2021 (continued)

Boundary (consolidation approach)	Operational approach
Alignment with financial reporting	SECR disclosure has been prepared in line with Piramal Healthcare UK Limited's annual accounts made up to 31st December 2021.
Reporting method	GHG Emissions reporting are in line with the Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard
Emissions factor source	DEFRA, 2021 for all emissions factors <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021</a>
Conversion factor source	U. S. Energy Information Administration for diesel <a href="https://www.eia.gov/totalenergy/data/monthly/pdf/sec12_2.pdf">https://www.eia.gov/totalenergy/data/monthly/pdf/sec12_2.pdf</a> EPA GHG Emission Factors Hub for natural gas and gasoline (petrol) <a href="https://www.epa.gov/climateleadership/center-corporate-climate-leadership-ghg-emission-factors-hub">https://www.epa.gov/climateleadership/center-corporate-climate-leadership-ghg-emission-factors-hub</a> DEFRA Annual Average Retail prices for Oil Products <a href="https://www.gov.uk/government/statistical-data-sets/oil-and-petroleum-products-monthly-statistics">https://www.gov.uk/government/statistical-data-sets/oil-and-petroleum-products-monthly-statistics</a> DEFRA factor set for Gas Oil <a href="https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021">https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2021</a> Vehicles Statistics Fuel Type (VEH0203) <a href="https://www.gov.uk/government/statistical-data-sets/veh02-licensed-cars">https://www.gov.uk/government/statistical-data-sets/veh02-licensed-cars</a>
Calculation method	Activity Data x Emission Factor = GHG emissions & Activity Data x Conversion Factor = kWh consumption  Based on the nature of our business and following the recommendations of the SECR legislation, sales revenue was chosen as an intensity metric and reflects our business performance. We also chose the number of employees as a secondone, showing transparency and expressing the business's annual emissions in relation to a quantifiable factor.
Reason for the intensity measurement choice	Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. When the type of engine was unknown, UK statistical data of fuel type was used for diesel and petrol. Transport fuel data was calculated from business mileage cost and converted to liters using DEFRA annual Average Retail prices for oil products. Transport data was calculated from liters to kWh and GHG emissions using the method above. Gas oil emissions were calculated from liters.
Other relevant information on calculation	
Rounding	Due to rounding there might be a minor difference compared to the actual GHG emissions (less than 1%).

## **Piramal Healthcare UK Limited**

### **Directors' Report for the Year Ended 31 December 2021 (continued)**

Other relevant information on calculation

Where applicable consumption was converted to kWh using conversion factors linked above, while emissions were calculated with the DEFRA emission factors. When the type of engine was unknown, UK statistical data of fuel type was used for diesel and petrol. Transport fuel data was calculated from business mileage cost and converted to liters using DEFRA annual Average Retail prices for oil products. Transport data was calculated from liters to kWh and GHG emissions using the method above. Gas oil emissions were calculated from liters.


Rounding

Due to rounding there might be a minor difference compared to the actual GHG emissions (less than 1%).

#### **Reappointment of auditors**

The auditors KNAV are deemed to be reappointed under section 487(2) of the Companies Act 2006.

This report was approved by the Board on 11 May 2022 and signed on its behalf by:

  
.....  
Mr C Leahy  
Director

## **Piramal Healthcare UK Limited**

### **Statement of Directors' Responsibilities**

The directors acknowledge their responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and apply them consistently;
- make judgements and accounting 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 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.

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

#### **Disclosure of information to the auditors**

Each director has taken 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 aware of that information. The directors confirm that so far as they are aware, there is no relevant audit information (as defined by section 418(3) of the Companies Act 2006) of which the auditors are unaware.

## **Piramal Healthcare UK Limited**

### **Independent Auditor's Report to the Members of Piramal Healthcare UK Limited**

We have audited the financial statements of Piramal Healthcare UK Limited (the 'company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

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

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the original financial statements were authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

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

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

We have nothing to report in this regard.

## **Piramal Healthcare UK Limited**

### **Independent Auditor's Report to the Members of Piramal Healthcare UK Limited (continued)**

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

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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

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

#### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities [set out on page 9], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

## **Piramal Healthcare UK Limited**

### **Independent Auditor's Report to the Members of Piramal Healthcare UK Limited (continued)**

#### **Extent to which the audit is capable of detecting irregularities, including fraud**

We design our procedures so as to obtain sufficient appropriate audit evidence that the financial statements are not materially misstated due to non-compliance with laws and regulations or due to fraud or error.

We are not responsible for preventing non-compliance and cannot be expected to detect noncompliance with all laws and regulations – this responsibility lies with management with the oversight of the Directors.

Based on our understanding of the Company and industry, discussions with management, we identified Companies Act 2006, Financial Reporting Standard 102, UK taxation legislation and the regulation around the pharmaceutical products sold by the company as having a direct effect on the amounts and disclosures in the financial statements.

As part of the engagement team discussion about how and where the Company's financial statements may be materially misstated due to fraud, we did not identify any areas with an increased risk of fraud.

Our audit procedures included:

- enquiry of management about the Company's policies, procedures and related controls regarding compliance with laws and regulations and if there are any known instances of non-compliance;
- examining supporting documents for all material balances, transactions and disclosures;
- review of the Board of directors minutes;
- enquiry of management and review and inspection of relevant correspondence with any legal firms;
- evaluation of the selection and application of accounting policies related to subjective measurements and complex transactions;
- analytical procedures to identify any unusual or unexpected relationships;
- testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- review of accounting estimates for biases.

Owing to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements of the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The potential effects of inherent limitations are particularly significant in the case of misstatement resulting from fraud because fraud may involve sophisticated and carefully organized schemes designed to conceal it, including deliberate failure to record transactions, collusion or intentional misrepresentations being made to us.

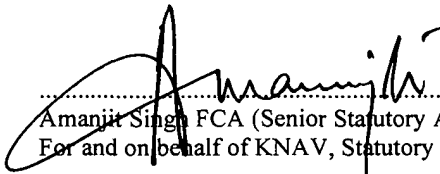
A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **Piramal Healthcare UK Limited**

### **Independent Auditor's Report to the Members of Piramal Healthcare UK Limited (continued)**

#### **Use of our report**

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....  
Amanjit Singh FCA (Senior Statutory Auditor)  
For and on behalf of KNAV, Statutory Auditor

Hygeia Building  
Ground Floor  
66-68 College Road  
Harrow  
Middlesex  
HA1 1BE

11 May 2022

**Piramal Healthcare UK Limited**

**Profit and Loss Account for the Year Ended 31 December 2021**

	Note	2021 £	2020 £
Turnover	3	72,632,421	80,826,741
Cost of sales		<u>(38,132,591)</u>	<u>(34,873,554)</u>
Gross profit		34,499,830	45,953,187
Distribution costs		(1,043,780)	(632,612)
Administration expenses		(44,515,724)	(43,931,125)
Other operating income	4	<u>15,833,416</u>	<u>4,594,668</u>
Operating profit	5	4,773,742	5,984,118
Other interest receivable and similar income	6	-	10,651
Interest payable and similar expenses	7	<u>(518,642)</u>	<u>(400,142)</u>
Profit before tax		4,255,100	5,594,627
Taxation	11	<u>(478,290)</u>	<u>(1,171,229)</u>
Profit for the financial year		<u><u>3,776,810</u></u>	<u><u>4,423,398</u></u>

The notes on pages 17 to 44 form an integral part of these financial statements.




**Piramal Healthcare UK Limited**

**(Registration number: 05370591)**  
**Balance Sheet as at 31 December 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	12	18,544,401	18,981,773
Tangible assets	13	<u>44,631,991</u>	<u>38,344,038</u>
		<u>63,176,392</u>	<u>57,325,811</u>
<b>Current assets</b>			
Stocks	15	26,123,228	25,423,439
Debtors due within one year	16	22,924,320	26,854,356
Debtors due after more than one year	16	7,328,848	6,289,661
Cash at bank and in hand	17	<u>8,710,081</u>	<u>3,833,854</u>
		65,086,477	62,401,310
<b>Creditors: Amounts falling due within one year</b>	18	<u>(45,387,940)</u>	<u>(44,683,706)</u>
<b>Net current assets</b>		<u>19,698,537</u>	<u>17,717,604</u>
<b>Total assets less current liabilities</b>		82,874,929	75,043,415
<b>Creditors: Amounts falling due after more than one year</b>	18	<u>(15,014,892)</u>	<u>(10,960,188)</u>
<b>Net assets</b>		<u>67,860,037</u>	<u>64,083,227</u>
<b>Capital and reserves</b>			
Called up share capital	20	23,232,501	23,232,501
Profit and loss account		<u>44,627,536</u>	<u>40,850,726</u>
<b>Total equity</b>		<u>67,860,037</u>	<u>64,083,227</u>

The financial statements were approved and authorised for issue by the Board on 11 May 2022 and signed on its behalf by:

  
 .....  
 Mr C Leahy  
 Director

# Piramal Healthcare UK Limited

## Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Retained earnings £	Total £
At 1 January 2020	23,232,501	36,427,328	59,659,829
Profit for the year	-	4,423,398	4,423,398
Total comprehensive income	-	4,423,398	4,423,398
At 31 December 2020	<u>23,232,501</u>	<u>40,850,726</u>	<u>64,083,227</u>

	Share capital £	Retained earnings £	Total £
At 1 January 2021	23,232,501	40,850,726	64,083,227
Profit for the year	-	3,776,810	3,776,810
Total comprehensive income	-	3,776,810	3,776,810
At 31 December 2021	<u>23,232,501</u>	<u>44,627,536</u>	<u>67,860,037</u>

**Share capital:** This represents the nominal value of equity shares in issue.

**Retained earnings:** This represents the accumulated profits and losses since inception of the business.

The notes on pages 17 to 44 form an integral part of these financial statements.

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021**

#### **1 General information**

The principal activity of the company is that of distribution, manufacturing and packaging of chemical intermediates and finished products for the pharmaceutical industry.

The company is a private company limited by share capital incorporated in England and Wales.

The address of its registered office is:

Whalton Road  
Morpeth  
Northumberland  
NE61 3YA  
United Kingdom

These financial statements were authorised for issue by the Board on 11 May 2022.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **Statement of compliance**

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), and the Companies Act 2006.

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

These financial statements are prepared on a going concern basis, under the historical cost convention

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 paragraph 1.12(b), on the basis that it is a qualifying entity and its ultimate parent company, Piramal Enterprises Limited, includes these in its own consolidated financial statements:

- the requirement to prepare a statement of cash flows;
- certain financial instrument disclosures;
- from disclosing the company key management personnel compensation.

The functional and presentational currency is Pound Sterling (£), being the currency of the primary economic environment in which the company operates in.

##### **Exemption from preparing group accounts**

The company has taken advantage of Section 405(2) of the Companies Act 2006 and is not required to produce, and has not published consolidated accounts, as its subsidiary undertaking is dormant and the effect of consolidating would be immaterial. The financial statements therefore contain information about Piramal Healthcare UK Limited as an individual company and not about its group.

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Name of ultimate parent of group**

These financial statements are consolidated in the financial statements of Piramal Enterprises Limited.

The financial statements of Piramal Enterprises Limited may be obtained from:

Piramal Ananta,  
Agastya Corporate Park,  
Opposite Fire Brigade,  
Kamani Junction,  
LBS Marg, Kurla (West),  
Mumbai -400 070  
India.

Also available from: [www.piramal.com](http://www.piramal.com)

##### **Revenue recognition**

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/vat added tax, returns, rebates and discounts.

Turnover is recognised to the extent that it is probable that the economic benefits will flow to the company and the turnover can be reliably measured. The specific recognition criteria described below must also be met before turnover is recognised.

##### **Sale of goods**

Turnover is recognised when the significant risks and rewards of ownership of the goods have transferred to the buyer, either at the point of despatch, receipt, or another point determined by the commercial agreement and international commercial terms adopted for a particular sale. For goods sold under profit sharing arrangements, turnover is recognised on a quarterly basis in line with the contractual agreements in place.

##### **Sale of development services**

Turnover is based on previously agreed contractual terms with customers and is recognised on the achievement of agreed milestones outlined in the contract.

##### **Government grants and other contributions**

Government grants and other contributions received on tangible capital expenditure are credited to a deferred income account and are released to the profit and loss account over the useful economic lives of the relevant assets or over the life of the commercial contract in place for a particular asset once they are put to use. The company has applied the accrual model.

For contributions received towards the development of pharmaceutical products, the Company has also adopted the accruals model and is releasing this to the profit and loss in a similar manner, as mentioned above.

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Other income**

Other income also includes provisions made for Research and Development expenditure credits receivable from HM Revenue & Customs. This has been recognised to the extent where management are reasonably certain that the claim will be accepted by HM Revenue & Customs and the amount provided for is based on management's best estimate and workings that are in line with previously accepted claims by HM Revenue & Customs.

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Functional and presentational currency**

The company's functional and presentational currency is UK Sterling.

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

##### **Tax**

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

##### **Tangible assets**

Tangible assets are stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

##### **Depreciation**

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

##### **Asset class**

Buildings

##### **Depreciation method and rate**

Straight line over 10 years and 33 years

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

Plant and machinery

Straight line over 5 years, 10 years and 12 years, depending on the use or commercial contract in place for a particular asset

Land and assets in the course of construction are stated at cost and are not depreciated. Assets in the course of construction are depreciated only once they become available for use.

The carrying values of tangible fixed assets are reviewed annually (at the period end) for impairment or earlier if there is a change in circumstances, that indicate the carrying value of the asset may no longer be recoverable.

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Repairs, maintenance and minor inspection costs are expensed as incurred.

#### **Intangible assets**

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be reliably measured on initial recognition. Intangible assets are amortised on a straight line basis over their estimated useful economic lives. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Research and development**

Expenditure on research activities are undertaken with the prospect of gaining new scientific or technical knowledge and understanding. These are recognised as an expense in the profit and loss as and when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. An internally-generated intangible asset arising from development is recognised if and only if all of the following have been demonstrated:

- development costs can be measured reliably;
- the product or process is technically and commercially feasible;
- future economic benefits are probable; and
- the company intends to and has sufficient resources (financial, technical and others) to complete development and to use or sell the asset.

The expenditure to be capitalised includes the cost of labour, materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures that do not meet these criteria are recognised as an expense in the profit and loss as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalised since the probability of expected future economic benefits criterion is always considered to be satisfied as they would be for separately acquired intangible assets.

Research and development intangible assets which are under development, are recognised as In-Process Research and Development assets ("IPR&D"). IPR&D assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable or the costs being capitalised no longer meet the recognition criteria set out above. Any such charge on IPR&D assets are recognised in profit or loss.

IPR&D assets are tested for impairment annually, or more frequently when there is an indication that the assets may be impaired. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable.

Amortisation is recognised on a straight-line basis over 5 years or (if shorter) the life of the commercial agreement in place for that product, once it is available for commercial use. Intangible assets that are not available for commercial use are amortised from the date they are available for commercial use.

Any changes in the estimated useful life and the amortisation method for intangible assets with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes being accounted for on a prospective basis.

##### **Investments**

Investments in equity shares in subsidiary undertakings, which are not publicly traded and where fair value cannot be measured reliably, are measured at cost less accumulated impairment.



## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

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

Cash and cash equivalents comprise of cash on hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Trade debtors**

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

##### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell.

The cost of raw materials is determined by using moving average prices. The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the profit and loss account. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the profit and loss account.

##### **Capital spares**

Capital spares are those major spare parts purchased specifically for plant and machinery and are expected to be used over more than one accounting period; these are capitalised as plant and machinery. If they are not expected to be used over more than one period, the spare parts are recognised as stock. Capital spares are fully depreciated once the spare part is put into use.

##### **Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Borrowings**

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

##### **Provisions**

Provisions are recognised when there is a present obligation (legal or constructive) 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 there is a reliable estimate of the amount of the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Leases**

At inception the Company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

##### **Finance leased assets**

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined, the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

##### **Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Defined contribution pension obligation**

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **2 Accounting policies (continued)**

##### **Defined benefit pension obligation**

The company operates a defined benefit plan for certain employees. A defined benefit plan defines the pension benefit that the employee will receive on retirement, usually dependent upon several factors including age, length of service and remuneration. A defined benefit plan is a pension plan that is not a defined contribution plan.

The asset recognised in the balance sheet in respect of the defined benefit plan is the present value of the plan assets at the reporting date less the fair value of the defined benefit obligation at the end of the reporting date.

The defined benefit obligation is calculated using the projected unit credit method. Annually the company engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as 'Remeasurement of net defined benefit liability'.

The cost of the defined benefit plan, recognised in profit or loss as employee costs, except where included in the cost of an asset, comprises:

- (a) the increase in pension benefit liability arising from employee service during the period; and
- (b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in profit or loss as 'Finance expense'.

## Piramal Healthcare UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 2 Accounting policies (continued)

##### Financial instruments

###### *Classification*

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans from related parties.

###### *Recognition and measurement*

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other debtors and creditors, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method.

Debt instruments that are payable or receivable within one year, typically trade creditors or debtors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms of financed at a rate of interest that is not a market rate or in case of an out-right short term loan not at a market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

###### *Impairment*

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and loss account.

For financial assets measured as amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discounted rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 3 Turnover

The analysis of the company's turnover for the year from continuing operations is as follows:

	2021	2020
	£	£
Sale of goods	45,331,490	62,972,541
Rendering of services	27,300,931	17,854,200
	<u>72,632,421</u>	<u>80,826,741</u>

The analysis of the company's turnover for the year by market is as follows:

## Piramal Healthcare UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 3 Turnover (continued)

	2021 £	2020 £
UK	43,921,517	6,770,987
Europe	2,809,485	36,948,475
Rest of world	25,901,419	37,107,279
	<u>72,632,421</u>	<u>80,826,741</u>

#### 4 Other operating income

The analysis of the company's other operating income for the year is as follows:

	2021 £	2020 £
Government grants and other subsidies	3,438,872	3,809,030
Other income	11,990,666	216,954
Research and development expenditure credit	403,878	568,684
	<u>15,833,416</u>	<u>4,594,668</u>

Other income in the current year represents a one-time settlement gain relating to a US product launch.

#### 5 Operating profit

Arrived at after charging/(crediting)

	2021 £	2020 £
Depreciation expense	5,696,478	5,424,930
Amortisation expense	2,487,385	1,637,709
Foreign exchange gains	(1,996,180)	(987,117)
Operating lease expense - plant and machinery	231,104	83,027
Operating lease expense - other	352,998	356,835
Loss on disposal of property, plant and equipment	<u>-</u>	<u>18,646</u>

#### 6 Other interest receivable and similar income

	2021 £	2020 £
Interest receivable from fellow group undertakings	<u>-</u>	<u>10,651</u>

## Piramal Healthcare UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 7 Interest payable and similar expenses

	2021	2020
	£	£
Interest on bank overdrafts and borrowings	343,787	237,286
Interest payable to fellow group undertakings	174,855	162,856
	<u>518,642</u>	<u>400,142</u>

#### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2021	2020
	£	£
Wages and salaries	25,057,471	25,625,849
Social security costs	2,327,655	2,291,830
Pension costs	1,825,245	1,831,324
Other employee expense	330,007	277,913
	<u>29,540,378</u>	<u>30,026,916</u>

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

	2021	2020
	No.	No.
Production	423	443
Administration and support	113	107
Research and development	41	35
Sales, marketing and distribution	5	7
	<u>582</u>	<u>592</u>

## Piramal Healthcare UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 9 Directors' remuneration

The directors' remuneration for the year was as follows:

	2021 £	2020 £
Remuneration	767,193	613,997
Contributions paid to money purchase schemes	28,011	40,605
	<u>795,204</u>	<u>654,602</u>

Directors' remuneration includes contributions to private healthcare schemes.

In respect of the highest paid director:

	2021 £	2020 £
Remuneration	300,800	224,000
Company contributions to money purchase pension schemes	-	14,924
	<u>-</u>	<u>14,924</u>

#### 10 Auditors' remuneration

	2021 £	2020 £
Audit of the financial statements	<u>57,500</u>	<u>57,500</u>
<b>Other fees to auditors</b>		
Audit-related assurance services	40,500	46,500
All other non-audit services	2,500	3,750
	<u>43,000</u>	<u>50,250</u>



**Piramal Healthcare UK Limited**

**Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

**11 Taxation**

Tax charged/(credited) in the income statement

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Current taxation</b>		
UK corporation tax	93,290	-
UK corporation tax adjustment to prior periods	-	(178,662)
	<u>93,290</u>	<u>(178,662)</u>
<b>Deferred taxation</b>		
Arising from write-down or reversal of write-down of deferred tax asset	<u>385,000</u>	<u>1,349,891</u>
Tax expense in the income statement	<u><u>478,290</u></u>	<u><u>1,171,229</u></u>

# Piramal Healthcare UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 11 Taxation (continued)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK (2020: higher than the standard rate of corporation tax in the UK) of 19% (2020: 19%).

The differences are reconciled below:

	2021 £	2020 £
Profit before tax	4,255,100	5,594,627
Corporation tax at standard rate	808,469	1,062,979
Effect of expense not deductible in determining taxable profit	14,983	35,382
Effect of adjustment in research and development tax credit	(399,505)	(108,050)
Tax increase/(decrease) from effect of capital allowances and depreciation	80,263	(711,217)
Deferred tax asset utilised in the period	385,000	1,349,891
Deferred tax asset recognised in the period	(472,901)	-
Tax decrease from effect of change in accounting policy	-	(514,891)
Other tax effects for reconciliation between accounting profit and tax expense	61,981	57,135
Total tax charge	478,290	1,171,229

### Deferred tax

Deferred tax assets and liabilities

	Asset £	Liability £
<b>2021</b>		
Unutilised losses carried forward	2,599,928	-
Fixed asset timing differences	-	629,509
	2,599,928	629,509

	Asset £
<b>2020</b>	
Unutilised losses carried forward	1,971,000
Fixed asset timing differences	384,000
	2,355,000

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **11 Taxation (continued)**

The company has tax losses of £9,646,396 (2020: £10,375,387) carried forward for use against future profits of the same trade, plus non trade loan relationship debits of £843,848 (2020: £843,848) carried forward for use against future non-trading activities. A deferred tax asset in respect of tax losses has been recognised as the directors consider it is more likely than not that there will be suitable taxable profits arising from which the future reversal of the underlying timing differences can be deducted. Further, these tax losses are available indefinitely. In addition to this, the company also expects to be able to claim capital allowances in excess of depreciation in future years.

Deferred tax assets of £210,962 (2020: £160,331) have not been recognised as they do not meet the recognition criteria of FRS 102.

The tax written down value of eligible capital expenditure is lower than the net book value of these items in the financial statements by £2,518,034 (2020: The tax written down value of eligible capital expenditure is higher than the net book value of these items in the financial statements by £2,023,195). A deferred tax liability (2020: deferred tax asset) has been recognised on the timing differences arising between the net book value of eligible assets per the financial statements and the tax written down value of these assets for tax purposes.

## Piramal Healthcare UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 12 Intangible assets

	Products developed and in commercial use £	Products under development £	Total £
<b>Cost</b>			
At 1 January 2021	11,507,417	9,619,016	21,126,433
Additions	-	2,558,940	2,558,940
Additions acquired separately	187,073	-	187,073
Transfers	2,592,994	(2,592,994)	-
Other adjustments	(424,000)	(272,000)	(696,000)
At 31 December 2021	<u>13,863,484</u>	<u>9,312,962</u>	<u>23,176,446</u>
<b>Amortisation</b>			
At 1 January 2021	2,144,660	-	2,144,660
Amortisation charge	<u>2,487,385</u>	<u>-</u>	<u>2,487,385</u>
At 31 December 2021	<u>4,632,045</u>	<u>-</u>	<u>4,632,045</u>
<b>Carrying amount</b>			
At 31 December 2021	<u>9,231,439</u>	<u>9,312,962</u>	<u>18,544,401</u>
At 31 December 2020	<u>9,362,757</u>	<u>9,619,016</u>	<u>18,981,773</u>

- Products under development consist of qualifying expenditure incurred by the Company on the external development of pharmaceutical products which, once completed and regulatory approval is achieved, will be available for commercial use. Once development is completed and regulatory approval is achieved, the gross carrying amount of the product developed is transferred to "Products developed and in commercial use".

- Products included under "Products developed and in commercial use" are amortised over 5 years or (if shorter) the life of the commercial agreement (with a marketing partner) for that product.

- The company have reviewed the costs attributed to the "Products developed and in commercial use" and "Products under development" and have assessed that certain expenditure previously incurred should be expensed to the profit and loss account. This movement has been reflected as "other adjustments".

# Piramal Healthcare UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 13 Tangible assets

	Land and buildings £	Plant and machinery £	Plant & Machinery under construction £	Total £
<b>Cost or valuation</b>				
At 1 January 2021	10,683,024	48,986,460	4,814,917	64,484,401
Additions	-	98,350	11,886,081	11,984,431
Transfers	-	4,293,364	(4,293,364)	-
At 31 December 2021	<u>10,683,024</u>	<u>53,378,174</u>	<u>12,407,634</u>	<u>76,468,832</u>
<b>Depreciation</b>				
At 1 January 2021	1,602,039	24,538,324	-	26,140,363
Charge for the year	<u>350,616</u>	<u>5,345,862</u>	<u>-</u>	<u>5,696,478</u>
At 31 December 2021	<u>1,952,655</u>	<u>29,884,186</u>	<u>-</u>	<u>31,836,841</u>
<b>Carrying amount</b>				
At 31 December 2021	<u>8,730,369</u>	<u>23,493,988</u>	<u>12,407,634</u>	<u>44,631,991</u>
At 31 December 2020	<u>9,080,985</u>	<u>24,448,136</u>	<u>4,814,917</u>	<u>38,344,038</u>

Included within the net book value of land and buildings above is £8,510,862 (2020: £8,853,122) in respect of freehold land and buildings. The value of land included of £7,435,778 (2020: £7,435,778) is not subject to depreciation.

The net carrying amount of assets held under finance leases included in plant & machinery is £933,509.25 (2020: £114,263)

## Piramal Healthcare UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 14 Investments

<b>Unquoted investments</b>	<b>£</b>
<b>Cost</b>	
At 1 January 2021	1
<b>Provision</b>	
At 1 January 2021	1
<b>Carrying amount</b>	
At 31 December 2021	-
At 31 December 2020	-

#### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Piramal Healthcare Pension Trustees Limited	Whalton Road, Morpeth, Northumberland, NE61 3YA England, UK	Ordinary shares	100%	100%

Piramal Healthcare Pension Trustees Limited is a dormant company.

#### 15 Stocks

	2021	2020
	£	£
Raw materials and consumables	13,665,475	12,033,979
Work in progress	9,291,635	12,668,764
Finished goods and goods for resale	3,166,118	720,696
	<u>26,123,228</u>	<u>25,423,439</u>

## Piramal Healthcare UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 16 Debtors

		2021	2020
Due within one year	Note	£	£
Trade debtors		13,742,690	18,348,448
Amounts owed by fellow group undertakings	26	614,457	157,923
Other debtors		11,421,974	8,925,343
Prepayments		1,116,569	2,308,094
Accrued income		824,271	301,863
Deferred tax assets	11	1,970,000	2,355,000
Corporation tax recoverable	11	<u>563,207</u>	<u>747,346</u>
		<u>30,253,168</u>	<u>33,144,017</u>

Other debtors includes £7,328,848 (2020: £6,289,661) being recoverable after more than one year. Corporation tax recoverable is represented by amounts to be recovered from payments made by the company previously, as a result of changes made to prior periods' tax liability.

#### 17 Cash at bank and in hand

	2021	2020
	£	£
Cash on hand	381	381
Cash at bank	<u>8,709,700</u>	<u>3,833,473</u>
	<u>8,710,081</u>	<u>3,833,854</u>

# Piramal Healthcare UK Limited

## Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

### 18 Creditors

	Note	2021 £	2020 £
<b>Due within one year</b>			
Loans and borrowings	21	12,381,124	12,511,928
Trade creditors		4,006,776	5,107,907
Amounts due to fellow group undertakings	26	12,810,246	9,347,477
Social security and other taxes		605,860	612,744
Other payables		168,874	197,354
Accrued expenses		7,430,420	8,324,489
HP and finance lease liabilities		247,706	37,059
Deferred income		7,736,934	8,544,748
		<u>45,387,940</u>	<u>44,683,706</u>
<b>Due after one year</b>			
Deferred income		14,499,824	10,885,057
HP and finance lease liabilities		515,068	75,131
		<u>15,014,892</u>	<u>10,960,188</u>



## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **19 Pension and other schemes**

##### **Defined contribution pension scheme**

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the scheme and amounted to £1,825,245 (2020: £1,831,324).

##### **Defined benefit pension schemes**

The company sponsors a funded defined benefit pension scheme for qualifying UK employees, the Piramal Healthcare UK Pension Fund. The fund is a funded scheme of the defined benefit ("DB") type (predominantly providing retirement benefits based on final salary). It also has defined contribution ("DC") sections and the amounts shown in these disclosures exclude the DC accounts and cashflows relating to the 2006 IA and Post-2002 IA members. The DB section of the fund was closed to accrual with effect from 15 November 2017.

UK legislation requires that pension schemes are funded prudently. The last funding valuation of the Fund was carried out by a qualified actuary as at 31 December 2020 and showed a surplus of £10.1M. As such, the company is not currently required to make regular employer contributions to the DB Section. Additional employer contributions might be required if there are any redundancies or benefit augmentations during the year. The next funding valuation is due no later than 31 December 2023.

The results of the latest funding valuation at 31 December 2020 have been adjusted to the new balance sheet date, taking account of experience over the period since 31 December 2020, changes in market conditions, and differences in the financial and demographic assumptions. The present value of the Defined Benefit Obligation, has been measured using the projected unit credit method.

The total cost relating to defined benefit schemes for the year recognised in profit or loss as an expense was £Nil (2020: £Nil).

The total cost relating to defined benefit schemes for the year included in the cost of an asset was £468,000 (2020: £532,000).

As at 31 December 2021, the fund had a surplus of £27,748,000 (2020: £17,194,000), however, the directors are concerned that it is unlikely that the surplus could be used to finance DC members' contributions indefinitely (for example, surplus could instead be used to fund the insurance buy-out cost of the DB Section with an insurer) and the company is currently considering moving the DC sections out of the Trust. Noting the accounting principle of prudence, the Company has therefore decided to recognise the surplus under FRS102 in a consistent way with the surplus treatment agreed in prior years under FRS 17. As a result of the company no longer paying contributions to the fund (following closure to accrual) and no refund of surplus has been agreed with the trustees, £Nil (2020: £Nil) of the total surplus was deemed to be recoverable.

## Piramal Healthcare UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 19 Pension and other schemes (continued)

##### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the balance sheet are as follows:

	2021 £	2020 £
Fair value of scheme assets	89,486,000	87,107,000
Present value of defined benefit obligation	<u>(61,738,000)</u>	<u>(69,913,000)</u>
	27,748,000	17,194,000
Other amounts not recognised in the balance sheet	<u>(27,748,000)</u>	<u>(17,194,000)</u>
Defined benefit pension scheme surplus/(deficit)	<u>-</u>	<u>-</u>

##### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2021 £
Present value at start of year	69,913,000
Interest cost	961,000
Actuarial gains and losses	(6,076,000)
Benefits paid	<u>(3,060,000)</u>
Present value at end of year	<u>61,738,000</u>

##### *Fair value of scheme assets*

Changes in the fair value of scheme assets are as follows:

	2021 £
Fair value at start of year	87,107,000
Interest income	1,198,000
Return on plan assets, excluding amounts included in interest income/(expense)	4,709,000
Net benefits paid	(3,060,000)
Administration cost incurred	<u>(468,000)</u>
Fair value at end of year	<u>89,486,000</u>

## Piramal Healthcare UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 19 Pension and other schemes (continued)

##### *Analysis of assets*

The major categories of scheme assets are as follows:

	2021 £	2020 £
Multi-strategy Growth Fund	13,223,000	27,974,000
Liability Driven Investment (LDI)	28,819,000	31,773,000
Low Risk Bond Fund	12,986,000	7,346,000
Cash/net current assets	17,866,000	2,085,000
Hayfin Direct Lending Fund	16,592,000	17,929,000
	<u>89,486,000</u>	<u>87,107,000</u>

None of the Fund assets are invested in the company's financial instruments or in property occupied by, or other assets used by, the company. Note that the Multi-strategy Growth Fund is based on the 30 November 2021 (2020) valuation adjusted for December performance estimate and the Hayfin Direct Lending Fund is based on the 30 September 2021 (2020) valuation adjusted for net cashflows to 31 December 2021 (2020).

##### *Return on scheme assets*

	2021 £	2020 £
Return on scheme assets	<u>5,907,000</u>	<u>11,047,000</u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

##### *Principal actuarial assumptions*

The principal actuarial assumptions at the statement of financial position date are as follows:

	2021 %	2020 %
Discount rate	1.95	1.40
Future pension increases	3.10	2.80
RPI inflation	<u>3.20</u>	<u>2.85</u>

##### *Mortality assumption*

The mortality assumptions are based on standard mortality tables which allow for expected future mortality improvements. The assumptions are that a member currently aged 60 will live on average for a further 26 years (2020: 25.8 years) if they are male and for a further 27.4 years (2020: 27.3 years) if they are female.

## Piramal Healthcare UK Limited

### Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)

#### 20 Share capital

##### Issued, allotted, called up and fully paid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	<u>23,232,501</u>	<u>23,232,501</u>	<u>23,232,501</u>	<u>23,232,501</u>

#### 21 Loans and borrowings

	2021	2020
	£	£
<b>Current loans and borrowings</b>		
Bank overdrafts (a)	6,709,207	6,247,023
Other borrowings (b)	<u>5,671,917</u>	<u>6,264,905</u>
	<u>12,381,124</u>	<u>12,511,928</u>

(a) Bank overdraft of £6,709,207 (2020: £6,247,023) is secured by fixed charge over the freehold and leasehold property of the company. The charge contains a negative pledge. In addition the ultimate parent company, Piramal Enterprises Limited has provided a guarantee to the bank.

(b) Other borrowings represent the invoice financing facility which is secured by a fixed and floating charge over the freehold and leasehold property and all other assets owned by the company.

#### 22 Obligations under leases

##### Finance leases

The total of future minimum lease payments is as follows:

	2021	2020
	£	£
Not later than one year	247,706	37,059
Later than one year and not later than five years	<u>515,068</u>	<u>75,131</u>
	<u>762,774</u>	<u>112,190</u>

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **22 Obligations under leases (continued)**

##### **Operating leases**

The total of future minimum lease payments is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Not later than one year	185,272	322,014
Later than one year and not later than five years	399,425	537,427
Later than five years	291,672	375,007
	<u>876,369</u>	<u>1,234,448</u>

#### **23 Commitments**

##### **Capital commitments**

The total amount contracted for but not provided in the financial statements was £3,638,073 (2020: £4,285,555).

#### **24 Contingent liabilities**

At the balance sheet date the following contingent liabilities existed:

Guarantee by the bank in favour of HM Revenue & Customs for £703,790 (2020: £703,790) and guarantee by the bank in favour of HSBC Bank USA N.A. for \$2,000,000 (2020: \$2,000,000) towards the overdraft facility taken by a fellow group undertaking.

## **Piramal Healthcare UK Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2021 (continued)**

#### **25 Parent and ultimate parent undertaking**

The company's immediate parent is Piramal Dutch Holdings N.V, incorporated in Netherlands.

The ultimate parent is Piramal Enterprises Limited, incorporated in India.

The parent of the largest and smallest group for which group accounts including Piramal Healthcare UK Limited are drawn up is Piramal Enterprises Limited. These financial statements are available upon request from

Piramal Ananta,  
Agastya Corporate Park,  
Opposite Fire Brigade,  
Kamani Junction,  
LBS Marg, Kurla (West),  
Mumbai –400 070  
India.

Also available from: [www.piramal.com](http://www.piramal.com)

There is no one controlling party.

#### **26 Related party transactions**

##### **Transactions with fellow group undertakings**

The company has taken advantage of the exemptions available in FRS 102 from disclosing related party transactions with other companies that are wholly owned within the group.

Amounts due to fellow group undertakings includes an unsecured loan of £3,137,366 (2020: £2,749,699), part of which bears interest at 5.25% (reducing from 6.5% part way through the year) and part of which bears interest at 4.15%.

During the year the company incurred royalty charges from Piramal Corporate Services Limited, an entity controlled by members of the Key Management Personnel of Piramal Enterprises Limited (the ultimate parent company), amounting to £516,536.37 (2020: £304,019). At the year-end £329,814 (2020: £72,379) was outstanding and included in amounts due to fellow group undertakings. The amounts payable are unsecured and interest free.