

Aesica Formulation Development Limited  
Annual report and financial statements  
for the 16 month period ended 30 April 2015

Registered in England Number: 05661235

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Aesica Formulation Development Limited  
Annual report and financial statements  
for the 16 month period ended 30 April 2015  
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# **Aesica Formulation Development Limited**

## **Directors and advisers**

### **Directors**

R Cotton

J Glenn

I Muir

### **Company secretary**

J Ilett (appointed 2 November 2015)

### **Independent auditors**

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

Central Square South

Orchard Street

Newcastle upon Tyne

NE1 3AZ

### **Bankers**

Lloyds Banking Group

Black Horse House

91 Sandyford Road

Newcastle upon Tyne

NE1 8HQ

### **Registered office**

Aesica Pharmaceuticals Limited

Q5, Quorum Business Park

Benton Lane

Newcastle upon Tyne

NE12 8BS

# **Aesica Formulation Development Limited**

## **Strategic report for the period ended 30 April 2015**

### **Principal activities**

The company develops and manufactures clinical materials for the pharmaceutical industry.

### **Key performance indicators (KPIs)**

The key performance indicator of the company is EBITDA pre-exceptional items and as disclosed in the “capital risk management” section of note 2 to the financial statements.

### **Business review**

On 12 November 2014, the Aesica Group was acquired by Consort Medical plc (“Consort”). Further details are given in Consort’s annual report and financial statements. To align with the new ultimate parent company, Consort Medical plc, all Aesica entities are now reporting on a financial year ending 30 April instead of their previous 31 December year end. Due to this change in statutory reporting date the accounts for the period ending 30 April 2015 cover a period of 16 months.

The results for the company show revenue of £5,565k (2013 year: £6,649k). The results for the company show EBITDA pre-exceptional items of a loss of £90k (2013 year: profit £2,314k). The company has net liabilities of £361k (2013 year: net assets of £4,234k) at the period end. A dividend of £3,700k was paid to the parent company during the period (2013 year: £nil)

On 16 June 2015, it was announced that the activities performed by the Company were to be transferred to from Nottingham site and the site exited. The operations will move to existing facilities at the Queenborough site and the activities performed by fellow group Company Aesica Queenborough Limited. The exit of the Nottingham site is expected to complete by the end of 2015 and therefore, beyond this date, the current trading activities of the Company will cease and the Company will become dormant.

### **Future outlook**

The global commercial environment is expected to remain competitive in the next year, however we remain confident that our business is in a strong position to meet the challenges this will bring.

### **Principal risk and uncertainties**

The management of the business and the execution of the company’s strategy are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to competition from other global formulated product manufacturers and development organisations, changes to the regulatory environment and employee retention.

On behalf of the Board



R Cotton  
Director

17 December 2015

# **Aesica Formulation Development Limited**

## **Directors' report for the period ended 30 April 2015**

The directors present their report together with the audited financial statements for the period ended 30 April 2015.

### **General Information**

Aesica Formulation Development Limited, ("the company") develops and manufactures clinical materials.

The company is incorporated and domiciled in the United Kingdom. The address of its registered office is Aesica Pharmaceuticals Limited, Q5, Quorum Business Park, Benton Lane, Newcastle upon Tyne, NE12 8BS.

### **Research and development**

We continue to invest in the development of new products for our customers and process improvements for our existing products.

### **Directors**

The directors of the company serving during the period, and up to the date of this report are shown below.

P Titley (resigned 12 November 2014)  
R Hardy (resigned 12 November 2014)  
J McConnell (resigned 12 November 2014)  
N Jones (appointed 14 March 2014 & resigned 12 November 2014)  
R Cotton (appointed 12 November 2014)  
J Glenn (appointed 12 November 2014)  
I Muir (appointed 12 November 2014)  
I Ward (appointed 12 November 2014 & resigned 2 November 2015)

### **Employee involvement**

The future success of the company is dependent on the skill and commitment of its staff, both full time and part time and it is the policy of the company to develop and maintain employee awareness and involvement in its activities through regular management briefings and the dissemination of relevant information. Particular importance is attached to career development and staff training is available to those who wish to participate through in-house and nationally recognised training courses. The involvement of employees in the company's performance is encouraged, for example through various company performance related pay awards. Employees are further involved through local and national staff councils which meet regularly with senior management.

### **Equal opportunities**

The company is committed to employment policies, which follow best practice, based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status and offers appropriate training and career development for disabled staff. If members of staff become disabled, the company continues employment, arranging for redeployment and retraining wherever possible.

### **Political and charitable donations**

During the period the company made £nil (2013 year: £nil) political or charitable donations.

### **Dividends**

Details of dividends paid during the period are disclosed in the strategic report on page 2.

### **Future outlook**

Details of the future outlook are disclosed in the strategic report on page 2.

# **Aesica Formulation Development Limited**

## **Directors' report for the period ended 30 April 2015**

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

Each director, as at the date of this report, has confirmed:

- As far as they are aware there is no relevant audit information of which the company's auditors are unaware; and
- They have taken all the 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.

PricewaterhouseCoopers LLP will not be continuing their engagement as the auditors of the company. The board has appointed KPMG LLP as the new company auditor effective for periods after 30 April 2015.

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

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 the directors have prepared the financial statements in accordance with the Companies Act 2006 as applicable to companies using FRS 101. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

On behalf of the Board



R Cotton  
Director

17 December 2015

# **Aesica Formulation Development Limited**

## **Independent auditors' report to the members of Aesica Formulation Development Limited**

### **Report on the financial statements**

#### **Our opinion**

In our opinion, Aesica Formulation Development Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 April 2015 and of its loss for the 16 month period (the "period") 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.

#### **What we have audited**

The financial statements, included within the Annual report and financial statements (the "Annual Report"), comprise:

- the Balance sheet as at 30 April 2015;
- the Income statement for the period then ended;
- the Statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

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

In our opinion, the information given in the Strategic Report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements. Other matters on which we are required to report by exception

#### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

#### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

# **Aesica Formulation Development Limited**

## **Independent auditors' report to the members of Aesica Formulation Development Limited**

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

#### **Our responsibilities and those of the directors**

As explained more fully in the Statement of directors' responsibilities set out on page 4, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

#### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements. We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Michael Jeffrey (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Newcastle upon Tyne  
18 December 2015



# Aesica Formulation Development Limited

## Income statement for the period ended 30 April 2015

	Note	16 months ended 30 April 2015 £'000	12 months ended 31 December 2013 £'000
Revenue	2	5,565	6,649
Exceptional costs	3	(250)	71
Operating expenses	2	(5,846)	(4,450)
<b>Operating profit/(loss)</b>		<b>(531)</b>	<b>2,270</b>
Finance costs	5	-	(15)
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>(531)</b>	<b>2,255</b>
Taxation	7	(364)	3
<b>Result/profit for the financial period/year</b>		<b>(895)</b>	<b>2,258</b>

There is no other comprehensive income for the financial period/year (2013 year: £nil).

The notes set out on pages 12 to 27 are an integral part of these financial statements.

# Aesica Formulation Development Limited

## Balance sheet as at 30 April 2015

		30 April	31 December
Assets	Note	2015	2013
		£'000	£'000
<b>Non-current assets</b>			
Property, plant and equipment	8	316	473
Deferred tax asset	9	59	77
<b>Total non-current assets</b>		<b>375</b>	<b>550</b>
<b>Current assets</b>			
Inventories	10	5	51
Trade and other receivables	12	4,306	4,025
Cash and cash equivalents		87	568
<b>Total current assets</b>		<b>4,398</b>	<b>4,644</b>
<b>Current liabilities</b>			
Trade and other payables	13	(4,724)	(900)
Borrowings	14	(160)	-
Provisions	15	(250)	-
Taxation liabilities		-	(60)
<b>Total current liabilities</b>		<b>(5,134)</b>	<b>(960)</b>
<b>Net current (liabilities)/assets</b>		<b>(736)</b>	<b>3,684</b>
<b>Net (liabilities)/assets</b>		<b>(361)</b>	<b>4,234</b>
<b>Shareholders' equity</b>			
Called up share capital	16	4	4
Share premium account		384	384
Retained earnings		(749)	3,846
<b>Total equity</b>		<b>(361)</b>	<b>4,234</b>

The notes set out on pages 12 to 27 are an integral part of these financial statements.

The financial statements on pages 9 to 27 were approved and authorised by the Board of Directors on 17 December 2015 and were signed on its behalf by:

  
R. Cotton  
Director

Aesica Formulations Development Limited. Registered number 05661235

# Aesica Formulation Development Limited

## Statement of changes in equity for the period ended 30 April 2015

	Note	Called up share capital	Share premium account £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2013		4	384	1,588	1,976
Profit and total comprehensive income for the year		-	-	2,258	2,258
<b>Balance at 31 December 2013</b>		<b>4</b>	<b>384</b>	<b>3,846</b>	<b>4,234</b>
Balance at 1 January 2014		4	384	3,846	4,234
Loss and total comprehensive income for the period		-	-	(895)	(895)
Dividend paid	6	-	-	(3,700)	(3,700)
<b>Balance at 30 April 2015</b>		<b>4</b>	<b>384</b>	<b>(749)</b>	<b>(361)</b>

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015

### 1 Summary of significant accounting policies

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

#### **Basis of preparation**

Aesica Formulation Development Limited (the “Company”) is a company incorporated and domiciled in the United Kingdom under the Companies Act 2006. The primary activities of the company are the development and manufacturing of clinical materials.

The company is a wholly-owned subsidiary of Aesica Queenborough Limited and is included in the consolidated financial statements of its ultimate parent, Consort Medical plc which are publicly available.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS101”). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The Company transitioned from EU-adopted IFRS to FRS101 during the period and there were no measurement or recognition differences arising on its adoption. FRS101 is effective for periods commencing on or after 1 January 2015, but has been adopted early by the Company.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, ‘Financial Instruments: Disclosures’
- Paragraphs 91 to 99 of IFRS 13, ‘Fair value measurement’ (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, ‘Presentation of financial statements’ comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1
- The following paragraphs of IAS 1, ‘Presentation of financial statements’:
  - 10(d), (statement of cash flows)
  - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)
- IAS 7, ‘Statement of cash flows’
- Paragraph 30 and 31 of IAS 8 ‘Accounting policies, changes in accounting estimates and errors’ (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, ‘Related party disclosures’ (key management compensation)
- The requirements in IAS 24, ‘Related party disclosures’ to disclose related party transactions entered into between two or more members of a group.

# **Aesica Formulation Development Limited**

## **Notes to the financial statements for the period ended 30 April 2015 (continued)**

### **1 Summary of significant accounting policies (continued)**

#### **Going concern**

After making appropriate enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The directors have received confirmation that its ultimate holding company, Consort Medical plc, intends to support the company for at least one period after these financial statements are signed. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### **Changes in accounting policy and disclosure**

##### ***New and amended standards adopted by the company***

The following new standards and amendments have been applied for the first time during the period commencing 1 January 2014 and have no impact on the financial statements:

IAS 27 Revised 'Separate Financial Statements'  
IAS 28 Revised 'Investments in Associates and Joint Ventures'  
IFRS 10 'Consolidated financial statements'  
IFRS 11 'Joint arrangements'  
IFRS 12 'Disclosure of interests in other entities'

##### ***New and amended standards and interpretations not yet adopted***

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases have not yet been adopted by the EU):

IFRS 9 Financial Instruments  
Amendment to IFRS 10 Consolidated Financial Statements  
Amendment to IFRS 11 Joint Arrangements  
Amendment to IFRS 12 Disclosure of Interests in other Entities  
IAS 27 (revised) Separate Financial Statements  
IAS 28 (revised) Investments in Associates and Joint Ventures  
Amendments to IFRS 7 and IAS 32 Financial Instruments on Asset and Liability offsetting  
IFRS 15 Revenue from customers with contracts

The Company is yet to assess the impact of IFRS 9 and IFRS 15.

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied, stated net of discounts, returns and value added tax. Revenue is recognised at the point at which the risks and rewards of ownership are passed to the customer, which is typically on despatch or when services are provided.

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 1 Summary of significant accounting policies (continued)

#### **Foreign currency translation**

##### ***Functional presentation currency***

The financial statements are presented in pounds sterling (£), which is the company's functional and presentational currency.

##### ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement except when deferred in other qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses that relate to borrowings and cash equivalents are presented in the income statement within "finance income or costs". All other foreign exchange gains and losses are presented in the statement within "Exceptional costs" in the income statement.

#### **Research expenditure**

Expenditure on research activities undertaken with the prospect of obtaining new scientific or technical knowledge and understanding is recognised in the income statement as an expense as incurred.

#### **Property, plant and equipment**

Property, plant and equipment are measured at historical cost less accumulated depreciation. Historical cost includes costs directly attributable to the acquisition of the items. Historical cost may also include transfers from equity of any gains / losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Land and assets in the course of construction are not depreciated. Depreciation on other assets is provided using the straight line method to allocate the cost, less estimated residual value, of the assets over their expected useful economic lives as follows:

Plant and machinery	-	20% per annum
Fixtures and fittings	-	20% per annum
Equipment	-	20% per annum

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Exceptional costs" in the income statement.

# **Aesica Formulation Development Limited**

## **Notes to the financial statements for the period ended 30 April 2015 (continued)**

### **1 Summary of significant accounting policies (continued)**

#### **Intangible fixed assets**

The Intangible fixed assets are measured at historical cost less accumulated amortisation. Historical cost may also include transfers from equity of any gains / losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Amortisation is provided using the straight line method to allocate the cost, less estimated residual values, of the assets over their expected useful economic lives as follows:

Sterile site licence      -      Over 5 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "Exceptional costs" in the income statement..

#### **Inventory**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first in first out (FIFO) method. The cost of finished goods and work in progress comprises raw material, direct labour, other direct costs and production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains / losses on qualifying cash flow hedges for the purchase of raw materials.

#### **Trade receivables**

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

Trade receivables are initially recognised at their fair value, with reviews for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the company will not be able to collect all of the amounts due in accordance with the original terms of the receivables.

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

Cash comprises cash in hand and on demand bank deposits. Cash equivalents are short-term highly liquid investments with maturity of less than 90 days that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

# **Aesica Formulation Development Limited**

## **Notes to the financial statements for the period ended 30 April 2015 (continued)**

### **1 Summary of significant accounting policies (continued)**

#### **Trade payables**

Trade payables 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 payment is due within one year or less.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

#### **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised on the income statement over the period of the borrowings using the effective interest method.

#### **Taxation**

The tax expense for the period comprises current income tax and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items that are recorded in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years. Current income tax relating to items directly in equity is recognised in equity and not in the income statement. Management periodically evaluates the 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 income tax is recognised, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

#### **Provisions**

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.



# **Aesica Formulation Development Limited**

## **Notes to the financial statements for the period ended 30 April 2015 (continued)**

### **1 Summary of significant accounting policies (continued)**

#### **Employee benefits**

The company operates a defined contribution pension scheme for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity.

The company operates a performance related monetary bonus scheme. There are no share based incentive schemes. The payments are based on company and individual performance and subject to certain criteria being met.

#### **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease.

#### **Dividend distribution**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period that they are formally approved by the company's shareholders.

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 2 Operating profit

	16 months ended 30 April 2015 £'000	12 months ended 31 December 2013 £'000
<b>The following items have been charged in arriving at operating profit:</b>		
Revenue from sale of goods	5,565	6,649
Depreciation (note 8)	(191)	(115)
Amortisation (note 11)	-	(62)
Foreign exchange gains/(loses)	(2)	19
Exceptional gain/(loss) (note 3)	(250)	71
Operating lease expense	(958)	(406)

Audit fees of £100k (2013 year: £8k) have been accounted for by another group company, Aesica Pharmaceuticals Limited. These fees are recharged as part of the management fees. There were no charges for the company's auditors for non-audit work (2013 year: £nil).

### 3 Exceptional costs

	16 months ended 30 April 2015 £'000	12 months ended 31 December 2013 £'000
Restructuring costs and other one-off associated costs	-	(71)
Provision for customer claim (refer note 15)	250	-
<b>Exceptional costs</b>	<b>250</b>	<b>(71)</b>

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 4 Employees and directors

	16 months ended 30 April 2015 £'000	12 months ended 31 December 2013 £'000
<b>Staff costs</b>		
Wages and salaries	1,790	1,407
Social security costs	164	133
Other pension costs	59	52
<b>Total staff costs</b>	<b>2,013</b>	<b>1,592</b>

	16 months ended 30 April 2015 Number	12 months ended 31 December 2013 Number
<b>Average monthly number of people employed:</b>		
Research and development	45	47
<b>Total number of employees</b>	<b>45</b>	<b>47</b>

#### Directors

No (2013 year: One) directors received remuneration that was recharged to the company. The directors received no remuneration from the company for their services. These directors do receive emoluments from other group companies for services performed in those companies and the work undertaken in Aesica Formulation Development is considered to be incidental to their work in the other group companies. Retirement benefits were accruing to no (2013 year: one) directors under a defined contribution scheme.

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 4 Employees and directors (continued)

	16 months ended 30 April 2015 £'000	12 months ended 31 December 2013 £'000
Aggregate emoluments	-	91
Group contributions to a defined contribution pension scheme	-	13
<b>Total directors' emoluments</b>	<b>-</b>	<b>104</b>

### 5 Finance costs

	16 months ended 30 April 2015 £'000	12 months ended 31 December 2013 £'000
Bank interest and similar charges	-	15

### 6 Dividends

Equity dividends declared on ordinary shares	16 months to 30 April 2015 £'000	12 months to 31 December 2013 £'000
Per share:		
Interim dividend for 2015: £1,037.29 (2013: £nil)	3,700	-
<b>Dividends paid</b>	<b>3,700</b>	<b>-</b>

An interim dividend of £3.7m was declared to be paid to the company's sole shareholder, Aesica Queenborough Limited. This was a resolution made by the board on March 20, 2014.

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 7 Tax on profit/(loss) on ordinary activities

	16 months ended 30 April 2015 £'000	12 months ended 31 December 2013 £'000
Current income tax charge	(105)	60
Adjustment in respect of prior periods	511	-
<b>Current tax</b>	<b>406</b>	<b>60</b>
Deferred tax in respect of prior periods	(38)	-
Deferred tax charged to the income statement	(4)	(63)
<b>Tax charge/(credit) on profit on ordinary activities</b>	<b>364</b>	<b>(3)</b>

The tax for the current period is lower (2013 year: lower) than the standard rate of corporation tax in the UK of 21.31% (2013 year: 23.25%). The differences are explained below:

	16 months ended 30 April 2015 £'000	12 months ended 31 December 2013 £'000
(Loss)/profit before tax	(531)	2,255
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.31% (2013 year: 23.25%)	(113)	524
Effects of:		
Expenses not deductible for tax purposes	4	166
Other losses and non-taxable items	-	(209)
Group relief not paid	-	(485)
Adjustments in respect of prior periods	473	(1)
Effect of changes in tax rate	-	2
<b>Tax charge/(credit) on profit on ordinary activities</b>	<b>364</b>	<b>(3)</b>

#### Factors that may affect future tax charges:

The standard rate of Corporation Tax in the UK reduced from 23% to 21% with effect from 1 April 2014, and from 21% to 20% with effect from 1 April 2015. Accordingly the UK profits for this accounting period are taxed at an effective rate of 21.3%. The July 2015 Budget announced an intention to further reduce the UK corporation tax rate to 19% from 1 April 2017 and 18% by 1 April 2020. These rate changes were not substantively enacted at the balance sheet date and as such have not been reflected in the financial statements.

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 8 Property, plant and equipment

	Plant and machinery £'000	Fixtures and fittings £'000	Equipment £'000	Assets in the course of construction £'000	Total £'000
<b>Cost</b>					
At 1 January 2013	831	20	34	-	885
Additions	246	-	1	32	279
<b>At 31 December 2013</b>	<b>1,077</b>	<b>20</b>	<b>35</b>	<b>32</b>	<b>1,164</b>
At 1 January 2014	1,077	20	35	32	1,164
Additions	17	-	-	31	48
Transfer	32	-	-	(32)	-
Disposals	(37)	-	-	-	(37)
<b>At 30 April 2015</b>	<b>1,089</b>	<b>20</b>	<b>35</b>	<b>31</b>	<b>1,175</b>
<b>Accumulated depreciation</b>					
At 1 January 2013	542	12	21	-	575
Charge for the year	109	4	3	-	116
<b>At 31 December 2013</b>	<b>651</b>	<b>16</b>	<b>24</b>	<b>-</b>	<b>691</b>
At 1 January 2014	651	16	24	-	691
Charge for the period	181	3	7	-	191
Disposals	(23)	-	-	-	(23)
<b>At 30 April 2015</b>	<b>809</b>	<b>19</b>	<b>31</b>	<b>-</b>	<b>859</b>
<b>Net book amount</b>					
<b>At 30 April 2015</b>	<b>280</b>	<b>1</b>	<b>4</b>	<b>31</b>	<b>316</b>
Net book amount					
At 31 December 2013	426	4	11	32	473

Depreciation is charged to the income statement as a part of the operating costs.

All of the assets of the company are the subject of a fixed and floating charge in Lloyds Bank standard form securing the debts of all of the group companies.

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 9 Deferred tax asset

The movement on the deferred tax account is as follows:

	30 April 2015	31 December 2013
	£'000	£'000
Opening balance at 1 January	77	14
Taxation (charge)/credit in income statement	42	63
Transferred to current tax	(60)	-
<b>Closing balance at 30 April / 31 December</b>	<b>59</b>	<b>77</b>

Deferred income tax is recognised, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The company currently has no deferred tax liabilities that are recognised or unrecognised.

The whole of the deferred tax liability is made up of accelerated tax depreciation and is considered to be recoverable against future profits.

### 10 Inventories

	30 April 2015	31 December 2013
	£'000	£'000
Raw materials and packaging	5	51

The carrying values of inventory at the balance sheet date have been reviewed and it has not proved necessary to make any provision for impairment.

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 11 Intangible assets

	Sterile Site Licence £'000
<b>Cost</b>	
At 1 January 2013	298
Additions	-
<b>At 31 December 2013</b>	<b>298</b>
At 1 January 2014	298
Additions	-
<b>At 30 April 2015</b>	<b>298</b>
<b>Accumulated amortisation</b>	
At 1 January 2013	236
Charge for the year	62
<b>At 31 December 2013</b>	<b>298</b>
At 1 January 2014	298
Charge for the year	-
<b>At 30 April 2015</b>	<b>298</b>
<b>Net book amount</b>	-
<b>At 30 April 2015</b>	-
<b>Net book amount</b>	-
<b>At 31 December 2013</b>	-

Amortisation is charged to the income statement as a part of the operating expenses.

All of the assets of the company are the subject of a fixed and floating charge in Lloyds Bank standard form securing the debts of all of the group companies.



# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 12 Trade and other receivables

	30 April 2015	31 December 2013
Amounts receivable within one year	£'000	£'000
Trade receivables	390	1,433
Amounts owed by group undertakings	3,600	2,291
Social security and other taxes	29	-
Prepayments and accrued income	287	301
<b>Total trade and other receivables</b>	<b>4,306</b>	<b>4,025</b>

The carrying amounts of the company's trade and other receivables are all denominated in sterling.

All of the companies receivables are less than three months overdue and it has not been necessary to make any provisions for impairment. All of the amounts disclosed above are considered to be collectable.

### 13 Trade and other payables

	30 April 2015	31 December 2013
Current liabilities	£'000	£'000
Trade payables	235	400
Amounts owed to group undertaking	4,346	-
Social security and other taxes	5	88
Accruals and deferred income	138	412
<b>Total trade and other payables</b>	<b>4,724</b>	<b>900</b>

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

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 14 Borrowings

	30 April 2015 £'000	31 December 2013 £'000
<b>Current</b>		
Bank overdraft	160	-

The bank overdraft is repayable on demand. It is secured by a fixed and floating charge over all of the assets of the companies in the group using Lloyds Bank standard form. Interest is payable at 3.5% to 4.5% over Lloyds bank base rate which is currently 0.5%.

### 15 Provisions

	Customer claim £'000	Total £'000
<b>At 1 January 2014</b>	-	-
Additions to the income statement	250	250
<b>At 30 April 2015</b>	250	250

A provision for £250,000 was made subsequently to the reporting period for a customer claim relating to incomplete work.

### 16 Called up share capital

	Allotted and fully paid			
	2015 Number	2013 Number	2015 £'000	2013 £'000
Ordinary shares of £1 each	3,567	3,567	4	4

#### Significant holdings

100% of the share capital is owned by Aesica Queenborough Limited.

# Aesica Formulation Development Limited

## Notes to the financial statements for the period ended 30 April 2015 (continued)

### 17 Operating lease commitments – minimum lease payments

At the balance sheet date the company had lease agreements in respect of properties for which the payments extend over a number of years.

Property	2015	2013
	£'000	£'000
<b>Total commitment under non-cancellable operating leases expiring:</b>		
Within one year	577	504
Over one year and less than two years	577	516
Within two to five years	529	1,239
After five years	-	-
<b>Total commitment under non-cancellable operating leases</b>	<b>1,683</b>	<b>2,259</b>

### 18 Ultimate parent undertaking

The Company has taken advantage of the exemption under IAS 24 not to disclose transactions with fellow wholly owned subsidiaries.

The immediate parent undertaking is Aesica Queenborough Limited, which owns 100% of the company's share capital. The Company's ultimate parent company and controlling party is Consort Medical plc, a company registered in England & Wales. Consort Medical plc is the only group preparing financial statements which include Aesica Formulation Development Limited. Copies of its group financial statements are available from its Company Secretary at its registered office, Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ.

### 19 Subsequent events

On 16 June 2015, it was announced that the activities performed by the Company were to be transferred to from Nottingham site and the site exited. The operations will move to existing facilities at the Queenborough site and the activities performed by fellow group Company Aesica Queenborough Limited. The exit of the Nottingham site is expected to complete by the end of 2015 and therefore, beyond this date, the current trading activities of the Company will cease and the Company will become dormant.