Fujifilm Diosynth Biotechnologies UK Limited

Annual report and financial statements

Registered number 05803359

31 March 2021

Contents

Officers and professional advisors

The board of directors
P Found
T Iida
T Ishikawa
M Meeson
K Orihashi

Company secretary

G Raw

Registered office

Belasis Avenue
Billingham
TS23 1LH

Auditor

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Banker

Royal Bank of Scotland
38 Mosley Street
Manchester
M2 3AZ

Strategic report

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

Principal activities

The principal activities of the Company during the year were to provide process development and current Good Manufacturing Practice (cGMP) contract manufacturing and associated services.

Business model

The Company is based in Billingham, UK. It provides process development and current Good Manufacturing Practice (cGMP) contract manufacturing and associated services to biotechnology and pharmaceutical companies who are developing new biologic medicines. In the industry such a business is known as a Contract Manufacturing Organisation (CMO). The Company creates and develops manufacturing processes and then manufactures the active biologic ingredients to cGMP. Such biologic drug substances are also known as biopharmaceuticals and are generally recombinant proteins. The manufacturing technology uses microbial fermentation or mammalian cell culture with subsequent purification processes. Biopharmaceuticals are a major and rapidly growing sector of the healthcare market.

The Company provides a service to customers who own the intellectual property to the drug substances themselves. This is done as a fee-for-service activity and typically covers the period from when customers select a drug candidate and prepare to start their clinical trials programme through to regulatory approval and on-going commercial supply. The timescale between start of clinical trials and commercialisation is typically 6-8 years, thus building high quality long-term relationships is fundamental to the business. The Company makes a number of biologic drug substances which are at different stages of clinical development for biotechnology and pharmaceutical companies in North America, Europe and Asia.

Business review

Performance

The results for the year are set out on page 15. Revenue in the year was £118.7m *(2020: £114.2m)* which increased by 4% compared to the previous year. This was driven by increases in both the Mammalian and Process Development sectors.

Gross profit for the year was £18.7m, this was lower than the previous year due increases in operational fixed costs as a result of the continued growth of the Company along with the re-categorisation of certain costs from administration to cost of sales.

The Company continues to benefit from the Research and Development Expenditure Credit of £7.5m in the year *(2020: £6.3m)* which partially offset the increase in costs. Net operating costs of the business increased by £14.4m to £105.6m *(2020: £91.2m)*.

As a result of these factors the business made an operating profit of £13.1m following a profit of £23.0m in the prior year.

The balance sheet as at March 2021 indicates that the financial position of the company remains strong, with net assets of £187.0m *(2020: £178.3m)*.

Strategic report *(continued)*

Business review *(continued)*

Future Developments

In line with the strategic commitment to biologic CMO activities, the Company is committed to increase its contract process development and manufacturing capabilities, with investment in microbial manufacturing during the year. The main focus of this is through the continuation of its microbial and mammalian services, Analytical Services offering and ongoing increasing Process Development opportunities. This financial year has seen investment in microbial manufacturing to increase capacity for future years which will enable us to partner our customers in the longer term commercial supply of drug substance.

Measurement

The Company undertakes comprehensive business planning to define long term strategic objectives and goals. Annual budgets and operational plans are prepared utilising financial and non-financial Key Performance Indicators ("KPI's"). These KPI's include measures related to health and safety, product quality, delivery performance, sales plan achievement, product cost, productivity and financial performance.

As far as financial performance is concerned the key measures used by the company are, amongst others, operating profit/revenue of 11.0% *(2020: 20.1%)* changes in cash in the year of £27.7m *(2020: -2.2m)* and headcount at the year end of 895 *(2020: 732)*. The Company produces an annual budget and updates its forecasts on a regular basis to help monitor and manage business performance. In addition, the directors monitor indicators and issues relating to safety, health and environment, and compliance with quality assurance standards: SHE (Safety, Health and the Environment) Classified & Reportable Rolling Average 12 months was 0.33 *(2020: 0.15)*; Quality, with Non-Conformance Reports 7 *(2020: 5)*.

Principal risks and uncertainties

The directors constantly monitor the risks and uncertainties facing the Company and there are suitable policies in place to manage risks. The directors assess the key risks facing the business as follows:

- Operational risk - Most customers with development projects are not bound by long term contracts and future growth is dependent on the ability to retain existing customers and obtain contracts with new customers. Since many current customer programmes are undergoing clinical trials there is significant risk that the trials might fail and programmes be halted at short notice. The Company continues to manage cancellation terms in contracts to mitigate this risk.
- Covid-19 risk – As a developer and manufacturer of biologics, demand for the Company's services from existing customers has not been negatively impacted by Covid-19. In addition and subject to regulatory approval, during the year the Company signed agreements for the manufacture and supply of a Covid-19 vaccine. During the UK lockdowns, the Company's services were considered 'Critical Sector' as a 'producer of medicines', with employees in critical operational roles considered 'key workers'. As a result, none of the Company's employees were furloughed. Throughout the pandemic the Company followed and continues to follow UK Government guidelines. The Company has recently relaxed some of its Coronavirus restrictions in line with Government guidelines, however is monitoring the situation and if certain triggers are met, could result in the Company reviewing its position and re-introducing restrictions, in particular regarding employees working from home where possible and social distancing when in the office. The sector has seen a shortage of certain key raw materials and consumable items with many countries and companies prioritising vaccine manufacture. Although the Company has been able to source its current requirements, or source suitable alternatives where appropriate, this is a risk the Company is continually monitoring.
- Economic risk – The Company continues to assess the risks and uncertainties around Brexit. The financial risk has been minimal however, there is an issue around customers and regulatory impact. Although there is a drive for mutual recognition of UK and EU regulations and cGMP to seek regulatory alignment there is a risk that customers would need to seek regulatory approval for their drug product to be tested and released in both the UK and EU. The Company manufactures drug substance, not drug product and the testing and release of the drug substance is not impacted. It is also expected in the medium term that there will be more flexibility during the Covid-19 crisis. The Company has limited exports and <8% of purchases are direct from the EU so risks around imports and exports continue to be low.

Strategic report *(continued)*

Business review *(continued)*

- Quality risk - All the products are manufactured to a high level of technical specification under rigorous quality standards. The business must continue to meet these specifications and standards if it is to retain existing customers and attract new ones, and to pass regulatory inspections and audits.
- Credit risk - A number of the smaller biotechnology customers will need to raise new finance in order to fund their continuing programmes. Failure to achieve this could cause programmes to be delayed or cancelled.
- Foreign currency risk - Most income and expenditure of the Company is denominated in Sterling, any other currency transactions are covered by the company's short term hedging strategies. Most customers are based outside the United Kingdom, and therefore any strengthening of Sterling against the Euro or United States Dollar has the effect of making the Company's services more expensive to those customers.
- Interest rate risk - The Company's cash deposits earn interest either linked to UK Bank Base Rate if held in the UK or linked to the relevant money market rate if held overseas. The Company had no loan funding during the year.

By order of the board

P Found
Director

Belasis Avenue
Billingham
TS23 1LH
17 December 2021

Directors' report

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

Section 172 Statement

The Directors have a duty under S172 of the Companies Act 2006 to act in good faith and promote the success of the company for the benefit of its members as a whole, having regard to the likely consequences of any decisions for the long term, the interest of the company's employees, the need to foster the Company's relationship with key stakeholders, the impact of the company's operations on the community and environment, maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the company.

During the year the Company announced a multimillion pound investment over three years. The investments will be in the Mammalian, Viral Gene Therapy manufacturing and Laboratory expansion, Large Scale Microbial sectors, as well as increasing Analytical capability.

80% of the Company's share capital is owned by FUJIFILM Corporation and the remaining 20% is owned by Mitsubishi Corporation. The Chief Executive Officer, other Board members and the management team meet regularly to discuss company strategy and growth and they have a good understanding of shareholder interests and understand the responsibility to act fairly between shareholders.

The company employed a further 163 staff during the financial year. The Chief Operating Officer and the Senior management team interact frequently with employees and the company is committed to attracting, developing, engaging and retaining talent as our employees play a crucial role in delivering our strategy.

We depend upon the performance of our suppliers, contractors and other partners to enable the company to deliver products and services to our customers. The management recognises the importance of establishing and maintaining relationships with these stakeholders.

The company has a relatively small direct impact on the local community and the environment but the board works to ensure the business acts ethically and to minimise environmental impact.

Streamlined Energy and Carbon Reporting

The energy used by the Company (in MWH) in the year ended 31 March 2021 is as follows:

	2020/21	2019/20
Mandatory requirements:		
Natural gas	11,027.3	9,817.6
Electricity	12,415.0	12,147.6
Transport Fuel	70.9	137.1
Total energy (mandatory)	**23,513.2**	**22,102.3**
Voluntary requirements:		
Gas oil	2,775.7	1,531.3
Total energy (voluntary)	**2,775.7**	**1,531.3**
Total energy (mandatory & voluntary)	**26,288.9**	**23,633.6**

Directors' report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

The breakdown of emissions associated with the reported energy use (tCO_2e):

	2020/21	2019/20
Mandatory requirements		
Scope 1		
Gas	2,027.6	1,805.0
Transport – Company owned vehicles	4.8	10.3
Scope 2		
Electricity (location based)	2,894.4	3,104.9
Scope 3		
Category 6: Business travel (employee owned vehicles)	12.7	22.7
Total gross emissions (mandatory)	**4,939.5**	**4,942.9**
Intensity rations (mandatory emissions only)		
Tonnes of CO_2 per Clean Room Processing Day[1]	5.7	6.4
Tonnes of CO_{2e} per million-pound turnover[2]	41.5	34.3
Voluntary requirements		
Scope 1		
Gas Oil	712.6	393.2
Fugitive emissions	105.7	186.3
Scope 3		
Category 3: Fuel and energy related activities	1,108.4	1,060.8
Total Gross emissions (voluntary)	**1,926.7**	**1,640.3**
Total Gross emissions (mandatory & voluntary)	**6,866.2**	**6,583.2**
Outside of Scope (tCO_2)		
Diesel and petrol biofuel content	0.2	0.3
Intensity Ratios (mandatory & voluntary emissions)		
Tonnes of CO_2 per Clean Room Processing Day[1]	7.9	8.5
Tonnes of CO_2e per total £m sales revenue[2]	57.8	57.6

Intensity Ratio

The Company has chosen to use gross tonnes of carbon dioxide equivalent emissions per 'Clean Room Processing Day' (CRPD) and per total million-pound sales revenue as it's intensity ratios. These metrics are chosen as they are the most readily available and complete data over the period and represent the Company and its activities most accurately.

[1] A Clean Room Processing Day is a 24-hour period during which manufacturing personnel are working in a clean room suite making a product for a customer. "Source: Briar Consulting Engineers Limited".

[2] Total £m sales revenue as reported by Fujifilm Diosynth Biotechnologies UK Limited. "Source: Briar Consulting Engineers Limited".

Directors' report *(continued)*

Streamlined Energy and Carbon Reporting *(continued)*

Changes to previously reported energy and emissions

The 2019/20 energy and emissions have been amended for employee-owned vehicles used for business travel due to improvements in the availability of data. This change has resulted in an increase of 45,952 kWh and 13.1 tonnes of CO2e in reported energy and emissions respectively for 2019/20. Further scope 3 emissions are reported this year with the voluntary inclusion of category 3 (fuel- and energy-related activities) for current and historic years. This category includes upstream 'well to tank' emissions associated with extraction, refining and transportation of the raw fuel sources to an organisation's site (or asset), prior to combustion. Therefore, the figures for 'total gross emissions (voluntary)' have been updated for 2019/20.

Energy efficiency action during current financial year

This year has seen the final stages of construction for the new Billingham BioCampus, rated BREEAM Very Good. The development consists of 42,000 ft2 (3,902 m2) of purpose-built office accommodation and a visitor centre, providing office space to replace 3 inefficient temporary portacabins and an offsite facility.

A travel policy has been implemented following a staff survey, setting targets to reduce emissions while commuting. As part of this, agile working has been encouraged and is set to become regular practice as over 460 employees currently work from home. This reduces the number of commuter miles and frees up office space. Furthermore, the new Billingham BioCampus includes 20 electric vehicle charging points and a row of car share parking bays to promote more sustainable travel.

Fugitive emissions have continued to come down this year (-80.6 tCO2e compared to 2019/20) due to proactive management and maintenance of fridges and freezers. Furthermore, R600A refrigerant is being rolled out across all fridges and freezers, which has a much lower Global Warming Potential of alternative refrigerants (3 kg CO2e per kg) and an 'Ozone Depletion Potential' rating of zero.

Directors' report *(continued)*

Research and development

The Company's research, development and process technology activities for its business are located with its manufacturing facility at Billingham, UK. Its research, development and process technology efforts were driven by the specific requirements of customers and market trends. In the year the Company continued to invest in its Apollo™ expression system technologies and exploit the growing R&D track record which offers customers fast track projects with confidence in success. The Company also continued to invest in it SymphonX™ novel multifunctional bioprocess technology design to enable automation and improve operational efficiency in downstream processing of biologics molecules.

Financial instruments

The Company is financed by cash deposits held with a major UK clearing bank. There are no hedge instruments in place. The Company's exposure to credit risk, foreign currency risk and interest rate risk is described in the Strategic report.

Proposed dividend

The directors do not recommend the payment of a dividend *(2020: £nil)*.

Directors

The directors who held office during the year, and changes since the year end, were as follows:

P Found	-	appointed 1 April 2020
T Iida	-	appointed 1 September 2020
T Ishikawa		
M Meeson	-	appointed 1 April 2020
K Orihashi		
S Bagshaw	-	resigned 1 April 2020
A Kase	-	resigned 1 April 2020
M Yamamoto	-	resigned 1 September 2020

The Company maintains a Directors and Officers Liability Insurance Policy which provides appropriate cover for any legal action brought against the Directors. The insurance policy does not provide cover for criminal fines or penalties incurred by a director or for claims made by the Company against a director.

Employees

Employee involvement

The Company adopts an approach of being honest and open with employees about matters affecting the business. The Company is fully committed to keeping employees informed about the performance, progress and issues relating to the business or work unit, and about wider market issues. The Company maintains employee communications through line managers and informal processes, as well as formal structures and processes as required by applicable laws.

Equal opportunities

The Company believes that every employee should be treated with the same respect and dignity. It values the rich diversity and creative potential of people with differing backgrounds and abilities, and encourages a culture of equal opportunities in which personal success depends on personal merit and performance. It is Company policy that there should be no discrimination against any person for any reason that is not relevant to the effective performance of their job. All judgments about people for the purposes of recruitment, development and promotion will be made solely on the basis of their ability and potential in relation to the needs of the job. Every manager is responsible for implementing this policy.

Directors' report *(Continued)*

Employees *(continued)*

Employment of people with disabilities

It is Company policy that people with disabilities should have the same consideration as others with respect to recruitment, retention and personal development. Depending on their skills and abilities, they enjoy the same career prospects as other employees and the same scope for realising potential. The Company also takes all reasonable steps to ensure that its working environments can accommodate special needs. The Company makes every effort to continue to employ staff who may become disabled while employed, providing appropriate training and adapting facilities to allow them to continue working wherever possible.

Political contributions

The Company made no political donations or incurred any political expenditure during the year *(2020: £nil)*.

Disclosure of information to auditor

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

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic report.

Auditor

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

By order of the board

Paul Found

P Found
Director

Belasis Avenue
Billingham
TS23 1LH

17 December 2021

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

The directors are responsible 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
Quayside House
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NE1 3DX
United Kingdom

Independent auditor's report to the members of Fujifilm Diosynth Biotechnologies UK Limited

Opinion

We have audited the financial statements of Fujifilm Diosynth Biotechnologies UK Limited ("the company") for the year ended 31 March 2021 which comprise the Profit and Loss Account, the Statement of Other Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors, as to the company's high-level policies and procedures to prevent and detect fraud, including the company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Considering remuneration incentive schemes and performance targets for management/ directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls and the risk of fraudulent revenue recognition, in particular the risk that revenue on over time contracts is not recognised appropriately linked to the measurement of contract progress and related forecasting estimates.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to revenue with a corresponding entry to unusual accounts and those posted to cash with a corresponding entry to unusual accounts.
- Assessing significant accounting estimates for bias.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards), and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation, and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, regulatory capital and liquidity and certain aspects of company legislation recognising the nature of the company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Fraud and breaches of laws and regulations – ability to detect *(continued)*

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 10, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Fujifilm Diosynth Biotechnologies UK Limited *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.

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

23 December 2021

Profit and Loss Account
for the year ended 31 March 2021

	Note	**2021** **£m**	2020 £m
Revenue	2	**118.7**	114.2
Cost of sales		**(100.0)**	(71.1)
Gross profit		**18.7**	43.1
Administrative expenses		**(13.2)**	(27.2)
Other operating income	*3*	**0.1**	0.3
Pension past service cost	*18*	**-**	0.5
Research and development expenditure credit		**7.5**	6.3
Operating profit		**13.1**	23.0
Interest receivable and similar income	*7*	**1.7**	0.2
Interest payable and similar expenses	*8*	**(0.4)**	(0.4)
Profit before taxation		**14.4**	22.8
Tax on profit	*9*	**(2.9)**	(2.4)
Profit for the financial year	*20*	**11.5**	20.4

The accompanying notes form part of these financial statements.

Other Comprehensive Income
for the year ended 31 March 2021

	Note	2021 £m	2020 £m
Profit for the year		**11.5**	20.4
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit asset	*18*	**(3.5)**	11.1
Income tax on items that will not be reclassified to profit or loss	*9*	**0.7**	(3.3)
Other comprehensive income /(loss) for the year, net of income tax		**(2.8)**	7.8
Total comprehensive income for the year		**8.7**	28.2

The accompanying notes form part of these financial statements.

Balance Sheet
at 31 March 2021

	Note	2021 £m	2021 £m	2020 £m	2020 £m
Fixed assets					
Intangible assets	*10*		**17.6**		15.6
Tangible assets	*11*		**107.3**		74.1
Right of Use Asset	*12*		**5.4**		4.1
			130.3		93.8
Current assets					
Stocks	*13*	**22.5**		20.7	
Debtors	*14*	**46.1**		61.1	
Cash at bank and in hand		**48.6**		20.9	
		117.2		102.7	
Creditors: amounts falling due within one year	*15*	**(108.0)**		(58.7)	
Net current assets			**9.2**		44.0
Total assets less current liabilities			**139.5**		137.8
Creditors: amounts falling after more than one year	*16*		**(19.7)**		(29.2)
Pension assets	*18*		**67.2**		69.7
Net assets			**187.0**		178.3
Capital and reserves					
Called up share capital	*19*		**25.7**		25.7
Share premium account	*20*		**51.3**		51.3
Profit and loss account	*20*		**110.0**		101.3
Shareholders' funds			**187.0**		178.3

The accompanying notes form part of these financial statements.

These financial statements were approved by the board of directors on 17 December 2021 and were signed on its behalf by:

P Found
Director

17 December 2021

Company registered number: 5803359

Statement of Changes in Equity

	Called up share capital £m	Share premium account £m	Profit and loss account £m	Total equity £m
Balance at 1 April 2019	25.7	51.3	73.1	150.1
Total comprehensive income for the year				
Profit or loss	-	-	20.4	20.4
Other comprehensive income	-	-	7.8	7.8
Total comprehensive income for the year	-	-	28.2	28.2
Transactions with owners, recovered directly in equity	-	-	-	-
Balance at 31 March 2020	25.7	51.3	101.3	178.3
Balance at 1 April 2020	**25.7**	**51.3**	**101.3**	**178.3**
Total comprehensive income for the year				
Profit or loss	-	-	11.5	11.5
Other comprehensive income	-	-	(2.8)	(2.8)
Total comprehensive income for the year	-	-	8.7	8.7
Transactions with owners, recorded directly in equity	-	-	-	-
Balance at 31 March 2021	**25.7**	**51.3**	**110.0**	**187.0**

Notes
(forming part of the financial statements)

1 Accounting policies

Fujifilm Diosynth Biotechnologies UK Limited (the "Company") is a private company incorporated, domiciled and registered in England in the UK. The registered number is 5803359 and the registered address is Belasis Avenue, Billingham, TS23 1LH.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £0.1 million.

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

The Company's ultimate parent undertaking, FUJIFILM Holdings Corporation, includes the Company in its consolidated financial statements. The consolidated financial statements of FUJIFILM Holdings Corporation are available to the public and may be obtained from the address given in note 24.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

As the consolidated financial statements of FUJIFILM Holdings Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 *Impairment of assets* in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25.

Measurement convention

The financial statements are prepared on the historical cost basis.

Notes *(continued)*

1 Accounting policies *(continued)*

Going concern

The directors have prepared the financial statements on a going concern basis. In making this assessment the directors have prepared trading and cash flow forecasts for the period to March 2023. These forecasts indicate that the company will be able to operate within the available cash resources. In order to take account of continued Covid-19 uncertainty, the directors have sensitised the forecasts to take account of severe but plausible downside scenarios.

This sensitised scenario includes a 21% reduction in operating income for the financial year, reflecting a reduction in manufacturing capacity and additional material costs. This assumes that the monthly average actual materials and operating costs experience during 2020 is compounded by a reduction in manufacturing capacity. The directors have included the deferral of non-essential capex in this sensitised scenario as a mitigating action. These sensitised forecasts indicate that the company will continue to be able to meets its liabilities as they fall due and will be able to operate within available cash resources. The Company has recently announced a significant planned investment over the next three years to more than double the Companies existing development and manufacturing footprint. The funding for the investment will be provided by group companies.

Consequently the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statement on a going concern basis.

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Classification of financial instruments issued by the Company

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other debtors, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

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

Notes *(continued)*

1 Accounting policies *(continued)*

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Derivative financial instruments

Derivative financial instruments are recognised at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Tangible fixed assets

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

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

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

- buildings — up to 25 years
- plant and equipment — 3 -10 years

Assets under construction are not depreciated until construction is complete and the asset is reclassified into one of the above fixed asset categories.

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

Right of use assets

As of 1 April 2019 the Company adopted IFRS 16: Leases and as a result of the transition, any leases previously recognised within property, plant and equipment are now described as right-of-use assets. Further information on IFRS 16: Leases is disclosed in note 12.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful life of each part of an item of right-of-use asset. The estimated useful lives are as follows:

- Right-of-use assets — Shorter of their estimated useful lives or the lease term

Notes *(continued)*

1 Accounting policies *(continued)*

Intangible assets, goodwill and negative goodwill

Goodwill

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. It is not amortised but is tested annually for impairment. This is not in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 which requires that all goodwill be amortised. The directors consider that this would fail to give a true and fair view of the profit for the year and that the economic measure of performance in any period is properly made by reference only to any impairment that may have arisen. It is not practicable to quantify the effect on the financial statements of this departure.

Research and development

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

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

Other intangible assets

Software acquired by the Company is stated at cost less accumulated amortisation. The finite useful life of software is estimated to be 5 years. This represents a prudent estimate of the period over which the Company will derive direct economic benefit from the software

Leases

From 1 April 2019 the Company adopted IFRS16. The Company has applied the modified retrospective transition approach which has had no impact on reserves and has not restated comparative amounts for the year ended 31 March 2019. For all leases the Company has elected to measure the right-of-use asset equal to the IFRS 16 liability on transition at 1 April 2019. At the inception of a contract the Company assesses whether the contract is, or contains, a lease. A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether the contract conveys the right to control the use of the identified asset, the company assesses whether:

- the contract involves the use of an identified asset, either explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantial substitution right then the asset is not identified.
- The Company has the right to obtain substantially all of the economic benefits of the asset throughout the period of use
- The Company has the right to direct the use of the asset.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices. However, for land and buildings in which it is a lessee, the Company has elected not to separate the non-lease components and account for the lease and the non lease components as a single lease component.

Notes *(continued)*

1 Accounting policies *(continued)*

For contracts entered into before 1 April 2019 the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- Fulfilment of the arrangement was dependent on the use of the specific asset(s)
- The arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - o The purchaser had the ability of the right to operate the asset while obtaining or controlling more than a insignificant amount of the output
  - o The purchaser had the ability of the right to control physical access to the asset while obtaining or controlling more than a insignificant amount of the output
  - o Facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output or equal to the current market price per unit of output.

As a lessee

The Company recognises the right of use asset at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle or remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right of use asset is subsequently depreciated using the straight line method, from the commencement date to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of right of use assets are determined on the same basis as those of property and equipment. In addition the right of use asset may be periodically reduced by impairment losses, if any, and adjusted for any remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement date, discounted using an interest rate implicit in the lease, or if that rate cannot be readily determined an interest rate calculated for that asset taking into consideration the Bank of England base rate, the company's borrowing risk, and an element of asset risk.

The lease liability is measured at amortised cost using the effective interest method. The lease liability is remeasured when there is a change in future lease payments arising from a change in interest rate or index, or a change in future lease payments or a change in the company's expectation regarding any future purchase, extension or termination of the contract. Any remeasurement is correspondingly adjusted in the right of use asset or is recorded in the profit and loss account if the carrying amount of the right of use asset is reduced to zero.

The company presents right of use assets in their own asset category and analyses the assets between type of asset. Lease liabilities are shown as part of Creditors in the balance sheet.

The company has elected the right not to recognise as right of use assets short term leases with a lease term of less than 12 months or low value assets under IFRS16. The company recognises lease payments associated with these leases as an expense as incurred.

Government grants

Revenue grants are accounted for under the accruals model, with grants being recognised in income on a systematic basis over the period in which the Group recognises the related costs for which the grant is intended to compensate. Grants received in advance of the income being recognised in the profit and loss account are included in grant creditors.

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is based on the weighted average principle and includes expenditure incurred in acquiring the stocks, production or conversion costs and other costs in bringing them to their existing location and condition. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Notes *(continued)*

1 Accounting policies *(continued)*

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units, or ("CGU"). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee benefits

Defined contribution plans

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

Notes *(continued)*

1 Accounting policies *(continued)*

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The Company determines the net interest on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability/(asset).

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Company's obligations and that are denominated in the currency in which the benefits are expected to be paid.

Remeasurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest). The Company recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in profit or loss.

When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised immediately in profit or loss when the plan amendment or curtailment occurs.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date,

or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

Revenue

The company accounts for revenue in line with IFRS 15 'Revenue from contracts with customers', with revenue being measured at the fair value of consideration received or receivable as specified in a contract with a customer for the provision of goods and services, net of sales related rebates, discounts and value added tax.

The following is a description of the principal activities of the Company from which it generates revenue.

Notes *(continued)*

1 Accounting policies *(continued)*

Sale of goods
The Company generates revenue through the sale of goods direct to the customer. The company transfers control of the goods and fulfils its performance obligations when the goods are delivered to the customer. No adjustments are made to revenue from the amount stipulated in the contracts.

Rendering of services
The Company recognises revenue for services when they have been provided. An agreed contract will be set up with the customer stating specific programme deliverables and pricing schedules. These contracts will be split into a number of distinct stages, which are independent and from which the customer can derive benefit. These stages are considered to be separate performance obligations. Where multiple-element sales arrangements exist, this entails the Company recognising revenue on individual contract elements for work performed or services rendered during the period.

In general the Company recognises revenue over time, on a percentage complete basis, as certain performance obligations are met. The Company does also have a limited number of contracts where revenue is recognised on delivery (point in time) once control has passed to the customer.

Expenses

Operating lease payments
Following the adoption of IFRS 16 Leases from 1 April 2019, almost all leases where the company is the lessee are recognised on the balance sheet, with the exception of short-term leases, low-value leases and leases of intangible assets. These leases continue to be accounted for as operating leases and are recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives received for such short term leases are recognised in profit or loss as an integral part of the total lease expense.

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

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Taxation

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary difference on the initial recognition of goodwill is not provided for. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

Notes *(continued)*

2 Revenue

The Company operates in one business segment, being the provision of contract manufacturing and development services to drug development companies.

The analysis of revenue by category is as follows:

	2021 £m	2020 £m
Rendering of goods/services (point in time)	11.7	3.4
Rendering of services (over time)	107.0	110.8
	118.7	114.2

The analysis of revenue by category is as follows:

	2021 £m	2020 £m
United Kingdom	19.3	11.9
Continental Europe	36.1	37.2
Americas	58.9	60.2
Asia, Africa and Australasia	4.3	3.5
Middle East	0.1	1.4
	118.7	114.2

Analysis of contract liabilities with customers

	2021 £m	2020 £m
Opening balance	61.9	44.8
New invoices raised during the year	70.7	127.9
Revenue recognised in the year	(33.4)	(110.8)
Closing balance	99.2	61.9

Contract liabilities with customers arise from the rendering of services in relation to customer contracts. Some customers pay in advance for services which are yet to meet the criteria of revenue recognition under IFRS 15 (see note 1 for further information). When the performance obligation is complete, the deferred income is released and the revenue is recognised. The approximate transaction value allocated to the performance obligations that are unsatisfied at 31 March 2021 is £220m (2020: £168m), £171m (2020 £108m) of which is expected to be recognised as revenue during the next financial year.

Notes *(continued)*

3 Other operating income

	2021 £m	2020 £m
Government grants	**0.2**	0.3
Net loss on disposal of tangible fixed assets	**(0.1)**	-
	0.1	0.3

4 Expenses and auditors' remuneration

Included in profit/loss are the following:

	2021 £m	2020 £m
Pension past service cost	-	(0.5)
Depreciation of tangible fixed assets	**8.0**	7.3
Depreciation of right of use assets	**1.1**	1.0
Amortisation of intangible fixed assets	**0.6**	0.6
Impairment loss on inventories	**1.2**	0.5
Net exchange loss	**0.4**	0.2
Research and development expensed as incurred	**0.5**	0.2
Government grants – recognised in other operating income	**(0.2)**	(0.3)

Auditor's remuneration:

	2021 £000	2020 £000
Audit of these financial statements	**76**	82
Amounts receivable by the auditor and its associates in respect of:		
Audit of the financial statements of pension scheme	**17**	19
All other services	**34**	22

The fee for the audit of the financial statements of the pension scheme were recharged to the scheme.

Notes *(continued)*

5 Staff numbers and costs

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

	Number of employees 2021	2020
Research and development	**262**	243
Manufacturing	**465**	269
Others	**93**	220
	820	732

The aggregate payroll costs of these persons were as follows:

	2021 £m	2020 £m
Wages and salaries	**36.3**	31.3
Social security costs	**4.0**	3.4
Pension plan expenses (note 18)	**4.6**	4.1
	43.2	37.9

6 Directors' remuneration

	2021 £000	2020 £000
Directors' emoluments	**237**	398

The emoluments of the highest paid director were £237,000 *(2020: £398,000)*. He is a member of a defined contribution pension scheme.

	Number of directors 2021	2020
Retirement benefits are accruing to the following number of directors under:		
Defined benefit scheme	**-**	1
Defined contribution scheme	**1**	-

Notes *(continued)*

7 Interest receivable and similar income

	2021 £m	2020 £m
Bank interest receivable and similar income	-	0.2
Net pension interest income (note 18)	1.7	-
	1.7	0.2

8 Interest payable and similar expense

	2021 £m	2020 £m
Interest on lease liabilities	0.4	0.4
	0.4	0.4

9 Taxation

Recognised in the profit and loss account

	2021		2020	
	£m	£m	£m	£m
UK corporation tax				
Current tax on income for the period	0.1		2.1	
Adjustments in respect of prior periods	(1.7)		0.1	
		(1.6)		2.2
Group relief				
Current year	-		-	
Adjustments in respect of prior periods	-		0.7	
		-		0.7
Total current tax		(1.6)		1.5
Deferred tax (see note 17)				
Origination of timing differences	4.5		2.6	
Effect of reduction in tax rate	-		(1.7)	
Total deferred tax		4.5		0.9
Total tax expense recognised in the profit and loss account		2.9		2.4

Notes *(continued)*

9 Taxation *(continued)*

Income tax recognised in other comprehensive income

	2021 £m	2020 £m
Deferred tax (see note 17)		
Origination and reversal of timing differences	**(0.7)**	2.1
Impact of change in tax rate	**-**	1.2
Total tax (credit)/expense recognised in other comprehensive income	**(0.7)**	3.3

Reconciliation of effective tax rate

	2021 £m	2020 £m
Profit for the year	**11.5**	20.4
Total tax credit	**2.9**	2.4
Profit excluding taxation	**14.4**	22.8
Tax using the UK corporation tax rate of 19% *(2020: 19%)*	**2.8**	4.3
Reduction in tax rate on deferred tax balances	**-**	(1.7)
Non-deductible expenses	**(0.3)**	(0.3)
Recognition of previously unrecognised capital items	**0.7**	0.5
Recognition of previously unrecognised tax losses	**(0.4)**	(1.0)
Group relief recognised	**-**	(0.9)
Tax withheld	**0.1**	1.5
Total tax expense/(credit) recognised in the profit and loss account	**2.9**	2.4

Factors that may affect future tax charges

The Company has tax losses of £107.8m *(2020: £87.1m)* available to relieve against future taxable profits of the Company.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantially enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantially enacted on 17 March 2020. The UK deferred tax liability as at 31 March 2021 was calculated at 19% (2020:19%).

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantially enacted on 24 May 2021. This will increase the Company's future current tax charge accordingly and increase the deferred tax liability by £0.9m.

Notes *(continued)*

10 Intangible assets

	Development costs £m	Goodwill £m	Software £m	Total £m
Cost				
Balance at 1 April 2020	0.6	13.2	3.5	17..3
Additions	-	-	0.2	0.2
Transfer from tangible fixed assets (note 11)	-	-	2.4	2.4
Balance at 31 March 2021	0.6	13.2	6.1	19.9
Amortisation and impairment				
Balance at 1 April 2020	0.1	-	1.6	1.7
Amortisation for the year	0.1	-	0.5	0.6
Balance at 31 March 2021	0.2	-	2.1	2.3
Net book value				
At 1 April 2020	0.5	13.2	1.9	15.6
At 31 March 2021	**0.4**	**13.2**	**4.0**	**17.6**

Goodwill arose on the acquisition of the trade and assets of the Biologics business on 1 January 2007 from Avecia Limited. The Company elected not to restate business combinations that took place prior to its transition to IFRS. In respect of acquisitions prior to 1 April 2014, goodwill is included on the basis of its deemed cost, which represents the amount recorded under UK GAAP. Goodwill is not amortised but is tested annually for impairment.

Amortisation

Software acquired by the Company is stated at cost less accumulated amortisation. The finite useful life of software is estimated to be 5 years. £0.2m (2020: £0.4m) of the amortisation and impairment charge is recognised in administrative expenses and £0.4m (2020: £0.2m) is recognised in cost of sales in the profit and loss account.

Impairment testing

Goodwill has been allocated to a single cash generating unit being the provision of process development and current Good Manufacturing Practice (cGMP) contract manufacturing and associated services.

The impairment test, based on a value in use calculation, was performed by the directors during the year. Impairment testing is dependent on management's estimates and judgements, particularly as they relate to the forecasting of future cash flows, the discount rate selected and expected long-term growth rate. The directors remain confident that the carrying value of the goodwill remains appropriate and therefore no impairment is considered necessary including after considering reasonably possible downside sensitivities to the Company's forecast cashflows.

Capitalised Development costs arose in the internal development of the Apollo™ cell line development process. Fujifilm Diosynth have internally developed the Apollo™ X mammalian expression system that will produce a high quality recombinant cell line to take biopharmaceuticals from the pre-clinical stage through to commercial production efficiently and rapidly. Apollo™ X is designed to be a 'manufacturing-ready' cell line with a robust support package to aid Investigational New Drug (IND) filing.

Notes *(continued)*

11 Tangible fixed assets

	Land and buildings £m	Plant and machinery £m	Assets under construction £m	Total £m
Cost				
Balance at 1 April 2020	37.3	84.3	12.4	134.0
Additions	0.2	2.3	41.2	43.7
Disposals	(0.3)	-	-	(0.3)
Transfer to intangible assets (note 10)	-	-	(2.4)	(2.4)
Transfers between items	0.1	2.4	(2.5)	-
Balance at 31 March 2021	37.3	89.0	48.7	175.0
Depreciation and impairment				
Balance at 1 April 2020	16.7	43.2	-	59.9
Depreciation charge for the year	1.9	6.1	-	8.0
Disposals	(0.2)	-	-	(0.2)
Balance at 31 March 2021	18.4	49.3	-	67.7
Net book value				
At 1 April 2020	20.6	41.1	12.4	74.1
At 31 March 2021	**18.9**	**39.7**	**48.7**	**107.3**

Land and buildings include freehold land with a cost of £0.5m *(2020: £0.5m)* which has not been subject to depreciation.

The cost of tangible fixed assets does not include any attributable finance cost *(2020: £nil)*.

Tangible fixed assets under construction

Assets under construction represents expenditure on additional manufacturing equipment and continued development of the site at Billingham which had not been completed at year end. Assets under construction are not depreciated until construction is complete and the asset is reclassified in one of the above asset categories.

Land and buildings

The net book value of land and buildings comprises:

	2021 £m	2020 £m
Freehold	**0.5**	0.5
Buildings	**18.4**	20.1
	18.9	20.6

Notes *(continued)*

12 Leases

Right of Use Assets

	Land and buildings	Modular Buildings	Plant and Machinery including cars	Total
	£m	£m	£m	£m
Cost				
Balance at 1 April 2020	4.1	0.6	0.4	5.1
Additions	1.9	-	0.6	2.5
Disposals	-	(0.1)	-	(0.1)
Balance at 31 March 2021	6.0	0.5	1.0	7.5
Depreciation and impairment				
Balance at 1 April 2020	0.7	0.2	0.1	1.0
Disposals	-	0.1	-	0.1
Depreciation charge for the year	0.8	-	0.2	1.0
Balance at 31 March 2021	1.5	0.3	0.3	2.1
Net book value				
At 1 April 2020	3.4	0.4	0.3	4.1
At 31 March 2021	**4.5**	**0.2**	**0.7**	**5.4**

Amounts recognised in the profit and loss

	2021	2020
	£m	£m
Interest on lease liabilities	**(0.4)**	(0.4)
Depreciation on right of use assets	**(1.1)**	(1.0)
Expenses relating to leases of low value assets and short term leases	**(0.4)**	(0.2)

Total Cash outflow

	2021	2020
	£m	£m
Total cash outflow for leases	**1.5**	1.2

Notes *(continued)*

13 Stocks

	2021 £m	2020 £m
Raw materials and consumables	**18.9**	14.8
Stock in transit	**-**	0.5
Work in progress	**3.6**	5.4
	22.5	20.7

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £37.0m *(2020: £46.0m)*.

Inventories are stated after an obsolescence provision of £1.2m *(2020: £1.4m)*.

14 Debtors

	2021 £m	2020 £m
Trade debtors	**23.9**	40.6
Amounts owed by group undertakings (note 23)	**2.0**	1.9
RDEC receivable	**7.9**	12.7
Deferred tax asset (note 17)	**0.8**	1.1
Prepayments and accrued income	**11.5**	4.8
	46.1	61.1
Due within one year	**46.1**	60.0
Due after more than one year	**-**	1.1
	46.1	61.1

Debtors are stated after provision for doubtful debts of £nil *(2020: £nil)*. A provision against debtors is made when these are considered to be impaired after taking into account the specific nature of the receivable.

Within prepayments and accrued income there are amounts in relation to contract assets due from customers of £7.1m *(2020: £2.7m)*.

Notes *(continued)*

15 Creditors: amounts falling due within one year

	2021 £m	2020 £m
Trade creditors	**6.4**	7.6
Amounts owed to group undertakings (note 23)	**1.1**	2.1
Taxation and social security	**1.1**	1.0
Accruals and other creditors	**11.7**	7.5
Deferred income and contract liabilities	**86.3**	36.4
Lease Liability	**1.4**	1.7
Corporation tax liability	**-**	2.4
	108.0	58.7

Amounts owed to group undertakings are unsecured and interest free.

16 Creditors: amounts falling after more than one year

	2021 £m	2020 £m
Grants	**2.5**	0.7
Lease Liability	**4.3**	2.8
Deferred income and contract liabilities	**1.8**	19.0
Deferred income and contract liabilities with group undertakings	**11.1**	6.7
	19.7	29.2

Deferred income is wholly after one year but within two years.

Notes *(continued)*

17 Deferred tax assets and liabilities

Recognised and unrecognised deferred tax assets and liabilities are attributable to the following:

	2021 Recognised £m	2021 Unrecognised £m	2020 Recognised £m	2020 Unrecognised £m
Accelerated capital allowance	(10.5)	-	(2.2)	-
Employee benefits	(12.7)	-	(13.3)	-
Tax value of loss carry-forwards	20.5	-	16.6	-
RDECD tax withheld	3.5	-	-	-
(Liabilities)/assets	0.8	-	1.1	-

Movement in recognised deferred tax during the year

	1 April 2020 £m	Recognised in profit and loss account £m	Recognised in other comprehensive income £m	Arising on RDEC claims £m	31 March 2021 £m
Accelerated capital allowances	(2.2)	(8.3)	-	-	(10.5)
Employee benefits	(13.3)	(0.1)	0.7	-	(12.7)
Tax value of loss carry-forwards	16.6	3.9	-	-	20.5
RDEC tax withheld	-	-	-	3.5	3.5
	1.1	(4.5)	0.7	3.5	0.8

Movement in recognised deferred tax during the prior year

	1 April 2019 £m	Recognised in profit and loss account £m	Recognised in other comprehensive income £m	Arising on RDEC claims £m	31 March 2020 £m
Accelerated capital allowances	(1.3)	(0.9)	-	-	(2.2)
Employee benefits	(10.1)	0.1	(3.3)	-	(13.3)
Tax value of loss carry-forwards	15.1	1.2	-	-	16.6
RDEC tax withheld	1.3	(1.3)	-	-	-
	5.3	(0.9)	(3.3)	-	1.1

Notes *(continued)*

18 Employee benefits

The Company operates a pension scheme, the Fujifilm Diosynth Biotechnologies UK Pension Fund, predominantly providing benefits based on final pensionable pay. The scheme also has a defined contribution section and is funded by the payment of contributions to jointly administered funds.

The pension scheme assets are held in a separate Trustee administered fund to meet long term pension liabilities to past and present employees. The Trustees of the fund are required to act in the best interest of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation.

The defined benefit section of the scheme was closed to new entrants with effect from 30 June 2016 and for active members of the scheme the link to salary was removed. As such, there was a reduction in the benefit obligation and this was reflected as a curtailment gain in 2017.

During 2020 the Company, with the agreement of the Fujifilm Diosynth Biotechnologues Pension Fund Trustees, undertook a bulk Pension Increase Exchange (PIE) exercise for existing pensioners and retirees. This resulted in a Defined Benefit Obligation reduction of £0.5 million which was accounted for as a prior year service credit.

The valuation used for FRS 101 disclosures has been based on the full formal actuarial valuation as at 31 March 2018, and was updated for FRS 101 purposes to 31 March 2021 by a qualified independent actuary. The present values of the defined benefit obligation, the related current service cost and any past service costs were measured using the projected unit credit method.

In the defined contribution scheme, employer contributions in the accounting period were paid at the rate of 7% of pensionable pay. The Company also matches any contributions paid by employees up to an additional 5% resulting in a total possible contribution of 12%. In the defined benefit scheme the trustees of the fund have agreed that the employer contributions will match any normal employee contributions resulting in a range from 1.25% to 12%.

Total employer contributions (defined benefit and the defined contribution section) in the year amounted to £3.9m *(2020: £2.4m)*. The Company expects to contribute approximately £3.7m to its defined benefit plans in the next financial year.

The information disclosed below is in respect of the whole of the plans for which the Company is either legally responsible or has been allocated a share of cost under an agreed group policy throughout the periods shown.

Net pension asset

	2021	2020
	£m	£m
Defined benefit obligation	**(191.6)**	(163.6)
Plan assets	**258.8**	233.3
Net pension asset	**67.2**	69.7

At March 2021 a surplus of £67.2m (2020: £69.7m) has been recognised. The Rules of the scheme provide the sponsoring employer with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee has no rights to unilaterally wind up, or otherwise augment the benefits due to members of the scheme. Based on these rights, any net surplus in the scheme is recognised in full.

Notes *(continued)*

18 Employee benefits *(continued)*

Movements in net defined benefit liability/asset

	Defined benefit obligation		Fair value of plan assets		Net defined benefit asset/(liability)	
	2021	2020	**2021**	2020	**2021**	2020
	£m	£m	**£m**	£m	**£m**	£m
Balance at beginning of the year	**(163.6)**	(186.3)	**233.3**	245.7	**69.7**	59.4
Included in profit or loss						
Current service cost	**(3.3)**	(3.1)	**-**	-	**(3.3)**	(3.1)
Past service cost	**-**	0.5	**-**	-	**-**	0.5
Administration costs	**-**	-	**(1.3)**	(1.5)	**(1.3)**	(1.5)
Interest (cost)/income	**(4.0)**	(4.6)	**5.7**	5.5	**1.7**	0.9
	(7.3)	(7.2)	**4.4**	4.0	**(2.9)**	(3.2)
Included in OCI						
Remeasurements (loss)/gain:						
- Actuarial (loss)/gain arising from						
- Changes in demographic assumptions	**0.4**	(0.3)	**-**	-	**0.4**	(0.3)
- Change in financial assumptions	**(20.9)**	19.5	**-**	-	**(20.9)**	19.5
- Experience adjustment	**(8.4)**	0.3	**-**	-	**(8.4)**	0.3
- Return on plan assets excluding interest income	**-**	-	**25.4**	(8.4)	**25.4**	(8.4)
	(28.9)	19.5	**25.4**	(8.4)	**(3.5)**	11.1
Other						
Contributions paid by the employer	**-**	-	**3.9**	2.4	**3.9**	2.4
Contributions paid by participants	**(2.2)**	(1.8)	**2.2**	1.8	**-**	-
Benefits paid	**10.4**	12.2	**(10.4)**	(12.2)	**-**	-
	8.2	10.4	**(4.3)**	(8.0)	**3.9**	2.4
Balance at end of the year	**(191.6)**	(163.6)	**258.8**	233.3	**67.2**	69.7

Fair value of plan assets comprise the following:

	2021	2020
	£m	£m
Equity securities	**77.9**	63.8
Debt instruments	**159.7**	150.2
Real estate	**4.7**	5.0
Alternatives	**13.0**	12.1
Other	**3.5**	2.2
	258.8	233.3

At 31 March 2021, none of the fair value of scheme assets related to self-investment.

Notes *(continued)*

18 Employee benefits *(continued)*

Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2021 %	2020 %
Discount rate	**2.10**	2.45
Future salary increases – defined benefits	**-**	-
Future salary increases- defined contributions	**4.50**	4.00
Rate of increase to pensions in payment	**3.00**	2.45
Inflation (RPI)	**3.10**	2.50
Inflation (CPI)	**2.40**	1.70

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 60-year old to live for a number of years as follows:

- Current pensioner aged 60: 26.6 years (male), 28.3 years (female).
- Future retiree upon reaching 60: 27.5 years (male), 30.9 years (female).

Sensitivity analysis

The calculation of the defined benefit obligation is sensitive to the discount rate set out above. The following table summarises how the impact on the defined benefit obligation at the end of the reporting period would have increased/(decreased) as a result of a change in the discount rate by 0.5 percent:

	2021 £m	2020 £m
0.5% decrease in the discount rate	**14.8**	12.9
0.5% increase in the discount rate	**(12.5)**	(10.8)

19 Called up share capital

	Ordinary shares 2021 Number	2020 Number
In issue at 1 April and 31 March - fully paid	25,703,488	25,703,488
	£m	£m
Allotted, called up and fully paid		
25,703,488 ordinary shares of £1	**25.7**	25.7
Shares classified in shareholders' funds	**25.7**	25.7

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Dividends

No dividend was recognised during the year *(2020: £nil)*.

Notes *(continued)*

20 Reserves

	Share premium account £m	Profit and loss account £m
Balance at 1 April 2019	51.3	73.1
Profit for the year	-	20.4
Remeasurements of defined benefit asset	-	11.1
Income tax on other comprehensive income	-	(3.3)
Balance at 31 March 2020	51.3	101.3
Balance at 1 April 2020	**51.3**	101.3
Profit for the year	-	11.5
Remeasurements of defined benefit asset	-	(3.5)
Income tax on other comprehensive income	-	0.7
Balance at 31 March 2021	**51.3**	110.0

21 Commitments

The Company had capital commitments of £13.0m *(2020: £2.3m)* to purchase property, plant and equipment for which no provision had been made at the balance sheet date.

22 Contingencies

From time to time the Company has been, and may continue to be, a party to legal actions and claims by third parties and regulatory and fiscal authorities. While the outcome of some of these matters cannot be readily foreseen, the directors believe that any such legal actions or claims notified to the Company as at the date hereof or which are reasonably foreseeable will be disposed of without material effect on the net asset position of the Company.

Under the terms of the lease at the Billingham site, the Company is required to return the site back to its original condition on the earlier of exiting the lease or its termination. The costs associated with returning the site back to its original condition are expected to be incurred upon termination of the lease in 2118. At 31 March 2021, the financial impact of returning the site back to its original condition after discounting is not considered material.

Notes *(continued)*

23 Related parties

80% of the Company's share capital is owned by FUJIFILM Corporation and the remaining 20% is owned by Mitsubishi Corporation. During the current year and preceding period the Company conducted the following transactions with related parties:

2021

	Sales £000	Operating costs charged by the Company £000	Operating costs charged to the Company £000	Loans payable £000	Amount owed by related undertakings £000	Amount owed to related undertakings £000
Fujifilm Corporation	182	177	(161)	-	179	(12)
Fujifilm Europe BV	-	-	(401)	-	-	-
Fujifilm Diosynth Biotechnologies U.S.A., Inc.	3,843	2,287	(3,907)	-	1,545	(1,015)
Fujifilm UK Ltd	-	-	(267)	-	-	(16)
Wako Chemicals GmbH	-	-	-	-	-	-
Fujifilm Specialty Ink Systems Ltd	-	-	-	-	-	-
Fujifilm Diosynth Biotechnologies Holdings Denmark Aps	-	874	(11)	-	105	(58)
Fujifilm Imaging Colorants Ltd	-	-	-	-	-	-
Fujifilm Kyowa Kirin Biologics Co	1,514	-	-	-	192	-
Perseus Proteonics Inc	20	-	-	-	-	-
Fujifilm Electronic Materials (Europe) NV	-	12	-	-	-	-
Fujifilm Europe GmbH	-	17	-	-	-	-
Fujifilm Diosynth Biotechnologies UK Pension Fund	-	926	-	-	-	-
	5,559	4,293	(4,747)	-	2,021	(1,101)

2020

	Sales £000	Operating costs charged by the Company £000	Operating costs charged to the Company £000	Loans payable £000	Amount owed by related undertakings £000	Amount owed to related undertakings £000
Fujifilm Corporation	193		(142)	-	436	(488)
Fujifilm Europe BV	-	-	(23)	-	-	-
Fujifilm Diosynth Biotechnologies U.S.A., Inc.	1,748	168	(3,990)	-	924	(1,609)
Fujifilm UK Ltd	-	-	(229)	-	-	(51)
Wako Chemicals GmbH	-	-	(1)	-	-	-
Fujifilm Speciality Ink Systems Ltd	-	-	(1)	-	-	(1)
Fujifilm Diosynth Biotechnologies Holdings Denmark Aps	-	6,599	-	-	377	-
Fujifilm Imaging Colorants Ltd	-	3	(8)	-	2	-
Fujifilm Kyowa Kirin Biologics Co	272	-	-	-	94	-
Perseus Proteonics Inc	20	-	-	-	-	-
Fujifilm Diosynth Biotechnologies UK Pension Fund	-	1,408	-	-	90	-
	2,233	8,178	(4,394)	-	1,923	(2,149)

Interest payable on loans from Fujifilm Europe BV amounted to £nil *(2020: £nil)*.

Notes *(continued)*

24 Ultimate parent company and parent company of larger group

As at 31 March 2021 FUJIFILM Corporation held 80% of the share capital of the Company and the remaining 20% was held by Mitsubishi Corporation. The directors consider FUJIFILM Holdings Corporation, a company registered and incorporated in Japan, to be the Company's ultimate controlling party.

The largest and smallest group in which the results of the Company are consolidated is that headed by FUJIFILM Holdings Corporation. The consolidated financial statements of this group are available to the public and may be obtained from 7-3, Akasaka 9-chome, Minato-ku, Tokyo 107-0052, Japan.

25 Accounting estimates and judgements

In the preparation of the financial statements, it is necessary for the management of the Company to make judgements, estimates and assumptions that may affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The key areas requiring the use of estimates and judgements which may significantly affect the financial statements are considered to be:

Taxation

Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. A high proportion of capital expenditure is related to research and development assets which are 100% tax deductible in the year of spend. This further increases the level of uncertainty over future taxable profitability. Further details are contained in note 9 and 17.

Defined benefit pension scheme

The Company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension asset in the balance sheet. The assumptions reflect historical experience and current trends. See note 18 for the disclosures relating to the defined benefit pension scheme.