

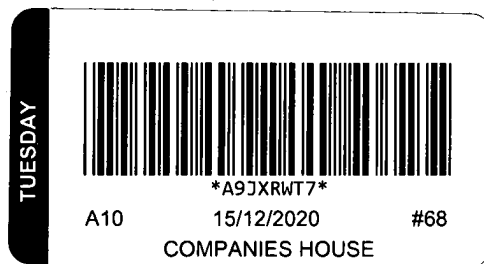
Registered number: 06009025

## BCM SPECIALS LIMITED

### ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

3



## **BCM SPECIALS LIMITED**

### **CONTENTS**

	<b>Page(s)</b>
<b>Company Information</b>	<b>1</b>
<b>Strategic Report</b>	<b>2 - 5</b>
<b>Directors' Report</b>	<b>6 - 7</b>
<b>Independent Auditors' Report to the Members of BCM Specials Limited</b>	<b>8 - 10</b>
<b>Statement of Comprehensive Income</b>	<b>11</b>
<b>Balance Sheet</b>	<b>12 - 13</b>
<b>Statement of Changes in Equity</b>	<b>14</b>
<b>Notes to the Financial Statements</b>	<b>15 - 32</b>

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**BCM SPECIALS LIMITED**

**COMPANY INFORMATION**

**Directors**

Fareva UK Limited  
C Petras  
J Stewart

**Registered number**

06009025

**Registered office**

1 Thane Road West  
Nottingham  
England  
NG2 3AA

**Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
One Kingsway  
Cardiff  
CF10 3PW

## BCM SPECIALS LIMITED

### STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present the Strategic Report of BCM Specials Limited (the "Company") for the year ended 31 December 2019.

#### Business review

The key performance indicators for the Company are provided in the table below:

	2019 £000	2018 £000
Turnover	2,568	3,465
Operating loss	5,783	242
Loss for the financial year	5,884	192
Total shareholders' funds	14,773	20,657

The Company manufactures and sells bespoke unlicensed prescription medicines within the UK, and licensed medicines to UK and international. This mix is changing in 2019-2020 and BCM expects to see a return to profitability in 2020-21. There are commercial opportunities and contracts that are being amended/developed to achieve this.

The decision was taken to reduce the Balance Sheet goodwill in 2019 by £4,229k in line with current forecasted future profit expectations, hence a non-operating loss in the year is reported.

The ultimate parent company is Fareva SA, a family owned company which has 15 research and development centres and 41 production sites in France, Germany, Switzerland, Ukraine, Russia, Turkey, Italy, Poland, South and North America servicing more than 1,000 customers worldwide. The Group specialises in five sectors of business, namely industrial and household products, pharmaceutical, active pharmaceutical ingredients, make-up and cosmetic products. The Fareva Group turnover for 2019 was more than 1.8 billion euros and the global workforce was more than 12,000 employees.

The strategic plan of Fareva is to strengthen its position as an international industrial operator and its image as a recognised partner capable of supporting its customers all over the world. Although it is a fast growing group, Fareva maintains its financial independence and remains independent in order to offer its clients excellent customer service.

The mindset of the Group is to be highly responsive at all times with a flexible organisation; a vital asset which provides the customer with the manufacturing solution best suited to their needs. One of the strengths at Fareva has always been its ability to take advantage of all technological opportunities to offer the customer the most innovative packaging and products. Particular attention is paid to changes in consumer habits. Fareva is therefore able to make highly appropriate suggestions to its customers taking into account international regulations.

The 3 sister entities, BCM Limited, BCM Specials Limited and BCM Employment & Management Services Limited, are in the middle of a two year plan to improve their profitability, including £16M investment program from Fareva SA. The level of proposed investment is seen as testament to the faith that Fareva SA has in the BCM entities and their future prospects.

## **BCM SPECIALS LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

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

The Company's directors monitor the overall risk profile of the Company. In addition, the directors are responsible for determining clear policies as to what the Company considers to be acceptable levels of risk. These policies seek to enable people throughout the Company to use their expertise to identify risks that could undermine performance and to devise ways of bringing them to within acceptable levels. Where the directors identify risks that are not acceptable, they develop action plans to mitigate them with clear allocation of responsibilities and timescales for completion and ensure that progress towards implementing these plans is monitored and reported upon.

#### **Macroeconomic and political environment**

##### *Risk*

The Company could be affected adversely by the impact of the current macroeconomic and political environment on key suppliers and customer groups.

##### *Mitigation*

The Company has a rigorous process for identifying and monitoring all business critical suppliers and we develop appropriate contingency plans for suppliers we consider to be vulnerable. The Company also has a rigorous planning process to assess the impact of macroeconomic and political developments on key customer groups.

#### **Impact of regulation**

##### *Risk*

The Company operates in regulated markets and could be adversely affected by changes to existing regulation, new regulation and/or failure to comply with regulation. The Company could be adversely affected by changes to licensing regimes for pharmacies, prescription processing regimes or reimbursement arrangements.

##### *Mitigation*

The Company seeks to control this type of risk through understanding government thinking on regulatory matters and building relationships with regulatory bodies directly and through representation in relevant professional and trade associations.

#### **Health, safety and environmental risks**

##### *Risk*

The Company could suffer reputational damage caused by a major health and safety or environmental incident.

##### *Mitigation*

The Company applies standards which are closely monitored and regularly audited. Health, safety and environmental incidents are logged and analysed in order to learn the necessary lessons. Any major incident is promptly reported to and investigated by the executive management.

#### **Product/services**

##### *Risk*

The Company could be adversely impacted by the supply of defective products or provision of inadequate services. In particular, this could come from allowing the infiltration of counterfeit products into the supply chain, errors in re-labeling of products and contamination or product mishandling issues.

##### *Mitigation*

The Company has robust purchasing and manufacturing processes, well developed contractual controls in relation to suppliers and a cohesive product control framework. This includes specific controls for the identification of counterfeit product.

## **BCM SPECIALS LIMITED**

### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **Major operational business failures**

##### *Risk*

The Company could be adversely impacted by a major failure of its manufacturing facility, IT systems or operational systems of key third party suppliers.

##### *Mitigation*

The Company operates rigorously audited control frameworks, regularly updates and tests business continuity plans and continually seeks to improve control of core business processes, both through self-assessment and through specific programmes relating to the delivery of key strategic projects.

#### **Increased costs**

##### *Risk*

Operating costs may be subject to increases outside the control of the Company.

##### *Mitigation*

The Company uses procurement professionals and sophisticated procurement techniques to purchase goods and services on a national and international basis. The Company carefully controls operating costs such as payroll.

#### **Change management**

##### *Risk*

The Company could be affected adversely by the failure to achieve the anticipated commercial, operational and financial benefits from the various change programmes in the course of implementation throughout the Company.

##### *Mitigation*

The Company has in place robust governance processes to control all key change programmes, including regular programme board and steering group meetings at which progress to achieve the required benefits is monitored rigorously.

#### **Data protection**

##### *Risk*

The Company processes a significant volume of confidential personal and business data and could be adversely affected if any of this data is accidentally or maliciously lost.

##### *Mitigation*

The Company applies rigorous information security policies and procedures such as strong perimeter controls, access controls and data encryption.

#### **Covid-19**

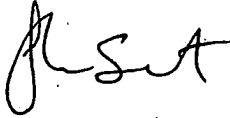
As BCM Specials Limited is a manufacturer of medicines it has remained fully open throughout the stages of the pandemic.

It has implemented strict measures to protect its employees. BCM Specials Limited has also been in close contact with its customers and suppliers throughout the crisis to ensure continuation of supply.

**BCM SPECIALS LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2019**

This report was approved by the board and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'J Stewart', is positioned above the printed name and title.

**J Stewart**  
Director

Date: 17 June 2020

## **BCM SPECIALS LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2019**

The directors present their annual report and the audited financial statements of BCM Specials Limited (the "Company") for the year ended 31 December 2019.

#### **Principal activity**

The principal activity of the Company during the year was the manufacturing and supply of certain pharmaceutical products and associated services.

#### **Results and dividends**

The loss for the financial year amounted to £5,884,000 (2018: £192,000).

The directors do not recommend the payment of a dividend (2018: £Nil).

#### **Directors**

The directors who served during the year and up to the date of signing the financial statements, unless otherwise stated, were:

Fareva UK Limited  
B Portier (resigned 28 February 2019)  
A Mortimer (resigned 30 April 2019)  
R Whall (resigned 31 December 2019)  
C Petras  
J Stewart (appointed 1 January 2020)

#### **Going concern**

The financial statements have been prepared on the going concern basis. The Company is dependent on funds provided to it by Fareva UK Limited its immediate parent company, provided from the funds made available to it by Fareva SA, both companies ultimate parent undertaking. Fareva SA has indicated that for at least 12 months from the date of the approval of these financial statements it will make such funds available to Fareva UK and its subsidiary undertakings as are needed to meet its financial obligations. Both Fareva SA and Fareva UK Limited have indicated continued financial support and in particular will not seek repayment of any amounts currently repayable for at least 12 months from the approval of these financial statements. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

#### **Financial risk management**

Credit risk is mitigated as the Group sales department authorises new customers based on a credit risk analysis before sales are made.

#### **Future developments**

The Company intends to continue to manufacture and supply pharmaceutical products and associated services to third parties. The Company had seen little affect of the Covid-19 pandemic. The Company manufactures medicines and products that are key and has put in place procedures and actions such as social distancing to mitigate any risks associated with the pandemic on the business.



## **BCM SPECIALS LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2019**

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

The Company currently performs research and development activities where technological uncertainty exists in the formulation changes required to deliver effective solutions to our customers.

#### **Directors' responsibilities statement**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Directors' confirmations**

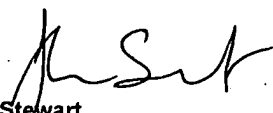
In the case of each director at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

#### **Independent auditors**

Under section 487(2) of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf by:

  
J Stewart  
Director

Date: 17 June 2020

## BCM SPECIALS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BCM SPECIALS LIMITED

## Report on the audit of the financial statements

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### Opinion

In our opinion, BCM Specials Limited's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

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

### Independence

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

### Conclusions relating to going concern

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

### Reporting on other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## BCM SPECIALS LIMITED

### INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BCM SPECIALS LIMITED (CONTINUED)

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

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

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

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

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

As explained more fully in the Directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

##### *Auditors' responsibilities for the audit of the financial statements*

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

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

##### *Use of this report*

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

BCM SPECIALS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BCM SPECIALS LIMITED (CONTINUED)

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**Other required reporting**

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**Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Jason Clarke (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Cardiff  
17 June 2020

**BCM SPECIALS LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
Turnover	4	2,568	3,465
Cost of sales		(2,009)	(2,847)
<b>Gross profit</b>		<b>559</b>	<b>618</b>
Distribution costs		(82)	(105)
Administrative expenses		(2,031)	(842)
Goodwill impairment		(4,229)	-
Other operating income	5	-	87
<b>Operating loss</b>	6	<b>(5,783)</b>	<b>(242)</b>
Interest receivable and similar income	10	7	7
Interest payable and similar expenses	11	(21)	(2)
<b>Loss before taxation</b>		<b>(5,797)</b>	<b>(237)</b>
Tax on loss	12	(87)	45
<b>Loss for the financial year</b>		<b>(5,884)</b>	<b>(192)</b>
<b>Total comprehensive expense for the financial year</b>		<b>(5,884)</b>	<b>(192)</b>

The notes on pages 15 to 32 form part of these financial statements.

**BCM SPECIALS LIMITED**  
**REGISTERED NUMBER: 06009025**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £000	2018 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	13	14,416	18,356
Tangible assets	14	1,321	1,452
Deferred taxation	15	-	1
		<u>15,737</u>	<u>19,809</u>
<b>Current assets</b>			
Stock	16	557	407
Corporation tax receivable		-	52
Debtors	17	1,018	1,375
Cash at bank and in hand	18	-	275
		<u>1,575</u>	<u>2,109</u>
<b>Total assets</b>		<u>17,312</u>	<u>21,918</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	19	(2,501)	(1,261)
		<u>(2,501)</u>	<u>(1,261)</u>
<b>Net current (liabilities)/assets</b>		<u>(926)</u>	<u>848</u>
<b>Total assets less current liabilities</b>		<u>14,811</u>	<u>20,657</u>
<b>Non-current liabilities</b>			
Deferred taxation	15	(38)	-
<b>Net assets</b>		<u>14,773</u>	<u>20,657</u>
<b>Capital and reserves</b>			
Called up share capital	20	-	-
Share premium account	21	1,830	1,830
Profit and loss account	21	12,943	18,827
<b>Total shareholders' funds</b>		<u>14,773</u>	<u>20,657</u>

BCM SPECIALS LIMITED  
REGISTERED NUMBER: 06009025

**BALANCE SHEET (CONTINUED)**  
**AS AT 31 DECEMBER 2019**

The financial statements on pages 12 to 32 were approved and authorised for issue by the board and were signed on its behalf by:

  
J Stewart  
Director

Date: 17 June 2020

The notes on pages 15 to 32 form part of these financial statements.

**BCM SPECIALS LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total shareholders' funds £000
At 1 January 2018	-	1,830	19,019	20,849
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(192)	(192)
Total comprehensive expense for the financial year	-	-	(192)	(192)
At 31 December 2018 and 1 January 2019	-	1,830	18,827	20,657
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(5,884)	(5,884)
Total comprehensive expense for the financial year	-	-	(5,884)	(5,884)
At 31 December 2019	-	1,830	12,943	14,773

The notes on pages 15 to 32 form part of these financial statements.



## BCM SPECIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 1. General information

BCM Specials Limited (the "Company") is a private company limited by shares and is registered in England and Wales. The address of its registered office is 1 Thane Road West, Nottingham, England, NG2 3AA.

The principal activity of the Company during the year was the manufacturing and supply of certain pharmaceutical products and associated services.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006.

The financial statements have been presented in Pound Sterling and all values are rounded to the nearest thousand except where otherwise indicated.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied consistently throughout the year:

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 'Financial Instruments: Disclosures'
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers'
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 'Property, Plant and Equipment';
  - paragraph 118(e) of IAS 38 'Intangible Assets';
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 'Presentation of Financial Statements'
- the requirements of IAS 7 'Statement of Cash Flows'
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'
- the requirements of paragraph 17 and 18A of IAS 24 'Related Party Disclosures'
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

A true and fair override relating to the amortisation of intangible assets has been invoked by the directors, as described in the intangible assets section below.

## **BCM SPECIALS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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

##### **2.2 Consolidation**

These financial statements are individual financial statements. The Company is exempt from the preparation of consolidated financial statements under section 400 of the Companies Act 2006, because it is included in the group financial statements of Fareva SA for the year ended 31 December 2019. The group financial statements of Fareva SA are can be obtained from its principal office address at 28 Place de la Gare, L-1616 Luxembourg.

##### **2.3 New standards, amendments and IFRIC interpretations**

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019, and has not had a material impact on the Company.

##### **2.4 Going concern**

The financial statements have been prepared on the going concern basis. The Company is dependent on funds provided to it by Fareva UK Limited its immediate parent company, provided from the funds made available to it by Fareva SA, both companies ultimate parent undertaking. Fareva SA has indicated that for at least 12 months from the date of the approval of these financial statements it will made such funds available to Fareva UK and its subsidiary undertakings as are needed to meet its financial obligations. Both Fareva SA and Fareva UK Limited have indicated continued financial support and in particular will not seek repayment of any amounts currently repayable for at least 12 months from the approval of these financial statements. The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

## BCM SPECIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.5 Turnover

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales-related taxes. Turnover is reduced for estimated customer returns, rebates and other similar allowances.

##### *Sale of goods*

Turnover from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of turnover can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the entity; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Where the Company acts in the capacity of an agent, or a logistic service provider, turnover is the service fees and is recognised upon performance of the services concerned.

##### *Interest revenue*

Interest income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

##### 2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

##### 2.7 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

##### 2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income as they are incurred.

## BCM SPECIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.9 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is Pound Sterling.

###### Currency transactions

Transactions denominated in currencies other than an entity's functional currency are translated into an entity's functional currency at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities denominated in currencies other than an entity's functional currency at the period-end are translated at the exchange rate ruling at that date. Non-monetary assets and liabilities that are measured at historical cost and are denominated in currencies other than an entity's functional currency are translated using the exchange rates at the date of the transaction. Exchange gains and losses are recognised in the Statement of Comprehensive Income.

##### 2.10 Operating loss

Operating loss is stated after charging reorganisation costs but before investment income and finance costs.

##### 2.11 Intangible assets

~~Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.~~

Intangible assets with infinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Assets under the course of construction are not amortised.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in Statement of Comprehensive Income when the asset is derecognised.

## BCM SPECIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.12 Tangible assets

All tangible assets is stated at cost or deemed cost less accumulated depreciation and impairment losses.

Depreciation of tangible assets is provided to write off the cost, less residual value, in equal installments over their expected useful economic lives which are:

- Freehold land and assets in the course of construction - not depreciated;
- Freehold and long leasehold buildings - depreciated to their estimated residual values over their useful economic lives of not more than 50 years;
- Plant and machinery - 3 to 10 years; and
- Fixtures, fittings, tools and equipment - 3 to 20 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets under the course of construction are not depreciated.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Statement of Comprehensive Income.

##### 2.13 Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the assets are estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An intangible asset with an indefinite useful life is tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in Statement of Comprehensive Income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

## BCM SPECIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.14 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using manufacturing standard cost basis. The cost of raw materials and packaging is their standardised purchase price. The cost of work in progress and finished goods comprises of the standardised purchase cost of goods plus a standardised allocation of direct labour and overheads related to distribution and manufacture based on normal activity levels. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

##### 2.15 Cash and bank balances

Cash and bank balances comprises cash in hand and short term deposits with maturities of three months or less from the date of acquisition.

##### 2.16 Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Statement of Comprehensive Income.

###### *Financial assets*

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

###### *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

###### *Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

###### *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

BCM SPECIALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.16 Financial instruments (continued)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the differences between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in Statement of Comprehensive Income.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through Statement of Comprehensive Income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

*Derecognition of financial assets*

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Statement of Comprehensive Income.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer

## BCM SPECIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 2. Accounting policies (continued)

##### 2.16 Financial instruments (continued)

recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in Statement of Comprehensive Income. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

##### *Financial liabilities and equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Comprehensive Income on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

~~Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.~~

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

##### *Derecognition of financial liabilities*

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

##### 2.17 Provisions for liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



**BCM SPECIALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**2. Accounting policies (continued)**

**2.18 Current and deferred taxation**

The tax expense or credit represents the sum of the current tax and deferred tax.

*Current tax*

The tax currently payable or receivable is based on taxable profit or loss for the period. Taxable profit or loss differs from net profit or loss as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Company's liability for or recovery of current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

*Deferred tax*

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

*Current tax and deferred tax for the year*

Current and deferred tax are recognised in Statement of Comprehensive Income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## BCM SPECIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 2, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

##### *Critical judgements in applying the Company's accounting policies*

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### *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. Further details are contained in note 15.

##### *Key sources of estimation uncertainty*

The following key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

##### *Intangible assets with indefinite useful lives*

A true and fair override relating to the amortisation of intangible assets has been invoked by the directors and such assets are instead subject to impairment testing at least annually, as per note 2. Impairment testing relies on key management estimations on future forecasted profitability.

#### 4. Turnover

An analysis of turnover by class of business is as follows:

	2019 £000	2018 £000
Sale of goods	2,568	3,465

The significant majority of turnover arose within the United Kingdom.

#### 5. Other operating income

	2019 £000	2018 £000
Other operating income	-	87

Other operating income relates to carriage costs charged to customers.

## BCM SPECIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 6. Operating loss

The operating loss is stated after charging/(crediting):

	2019 £000	2018 £000
Depreciation of tangible assets (note 14)	153	110
Amortisation of intangible assets, including goodwill (note 13)	137	14
Impairment of intangible assets	(4,229)	-
Cost of stocks recognised in the year (note 16)	416	415
Write-down of stocks recognised as an expense	18	162
Reorganisation costs	-	(11)

The reorganisation costs relates to the release of a provision raised in prior financial periods for a restructuring programme announced as part of the wider restructuring programme by the Company's previous ultimate parent entity, Walgreens Boots Alliance, Inc., prior to the Company's sale to the Fareva SA consolidated group.

#### 7. Auditors' remuneration

The Company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2019 £000	2018 £000
Fees payable to the Company's auditors for audit of the Company's annual financial statements	15	13
Other fees payable	2	3
	17	16

#### 8. Employees

All staff and directors were employed and paid on behalf of the Company by a fellow Group undertaking.

# **BCM SPECIALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### **9. Directors' remuneration**

	2019 £000	2018 £000
Aggregate directors' remuneration	9	13
Company contributions to defined contribution pension schemes	1	1
Amounts receivable under long-term incentive schemes	-	3
Amounts receivable for loss of office	3	-
	<u>13</u>	<u>17</u>

During the year retirement benefits were accruing to 1 director (2018: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £12,000 (2018: £13,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,000 (2018: £1,000).

The Company also has amounts receivable under other incentive schemes of £Nil (2018: £2,000) which have not been paid to the directors as at 31 December 2019.

The directors' remuneration is split accordingly between BCM Specials Limited and BCM Limited.

### **10. Interest receivable and similar income**

	2019 £000	2018 £000
Interest receivable from Group undertakings	<u>7</u>	<u>7</u>

### **11. Interest payable and similar expenses**

	2019 £000	2018 £000
Interest payable to Group undertakings	12	1
Net foreign exchange loss	9	1
	<u>21</u>	<u>2</u>

**BCM SPECIALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**12. Tax on loss**

	2019 £000	2018 £000
<b>Current tax</b>		
Current tax on losses for the financial year	-	(72)
Adjustments in respect of previous periods	48	10
<b>Total current tax</b>	<u>48</u>	<u>(62)</u>
<b>Deferred tax (note 15)</b>		
Origination and reversal of timing differences	39	17
<b>Total deferred tax</b>	<u>39</u>	<u>17</u>
<b>Total tax</b>	<u>87</u>	<u>(45)</u>

**Factors affecting tax charge/(credit) for the year**

The tax assessed for the year is the same as (2018: the same as) the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%) as set out below:

	2019 £000	2018 £000
Loss before taxation	<u>(5,797)</u>	<u>(237)</u>
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	(1,101)	(45)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	39	(10)
Tax losses deferred tax asset not recognised	1,101	-
Adjustments in respect of prior years	48	10
<b>Total tax charge/(credit) for the financial year</b>	<u>87</u>	<u>(45)</u>

# **BCM SPECIALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

### **12. Tax on loss (continued)**

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

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to the main rate to reduce the rate to 17% from 1 April 2020. Deferred taxes at the Balance Sheet date have been measured using these enacted tax rates and reflected in these financial statements. In November 2019, the Prime Minister announced that he intended to cancel the future reduction in corporation tax rate from 19% to 17%. This announcement does not constitute substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. Post year end on 17 March 2020 as part of the Spring Budget 2020 it was subsequently enacted that the previously enacted decrease in the corporate tax rate from 19% to 17% from 1 April 2020 would no longer happen and that rates would remain at 19% for the foreseeable future. The difference in rate is not deemed to have a significant impact on the results of the Company.

### **13. Intangible assets**

	Goodwill £000	Development expenditure £000	Computer software £000	Total £000
<b>Cost</b>				
At 1 January 2019	17,085	1,168	117	18,370
Additions	-	421	5	426
At 31 December 2019	17,085	1,589	122	18,796
<b>Accumulated amortisation</b>				
At 1 January 2019	-	10	4	14
Charge for the year	-	117	20	137
Impairment charge	4,229	-	-	4,229
At 31 December 2019	4,229	127	24	4,380
<b>Net book value</b>				
At 31 December 2019	12,856	1,462	98	14,416
At 31 December 2018	17,085	1,158	113	18,356

Goodwill relates to the purchase of the trade and assets of the Specials business in 2009. This goodwill is regarded as having an indefinite useful life and is therefore not amortised, but subject to an annual impairment test. An impairment test has been performed on the goodwill value during the year. The test has been performed using the latest published business plan showing growth as a consequence of the licensed products in the coming years.

**BCM SPECIALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**14. Tangible assets**

	Long leasehold land and buildings £000	Plant and machinery £000	Fixtures fittings, tools and equipment £000	Total £000
<b>Cost</b>				
At 1 January 2019	334	2,605	3,309	6,248
Additions	-	-	22	22
At 31 December 2019	334	2,605	3,331	6,270
<b>Accumulated depreciation</b>				
At 1 January 2019	58	2,509	2,229	4,796
Charge for the year	7	59	87	153
At 31 December 2019	65	2,568	2,316	4,949
<b>Net book value</b>				
At 31 December 2019	269	37	1,015	1,321
At 31 December 2018	276	96	1,080	1,452

**BCM SPECIALS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

**15. Deferred taxation**

	2019 £000
At beginning of year	(1)
Charged to profit or loss	39
<b>At end of year</b>	<b>38</b>

The deferred taxation balance is made up as follows:

	2019 £000	2018 £000
Accelerated capital allowances	38	(1)

**16. Stocks**

	2019 £000	2018 £000
Raw materials and consumables	373	280
Work in progress	13	20
Finished goods and goods for resale	171	107
	<b>557</b>	<b>407</b>

The cost of stocks recognised as an expense during the year was £416,270 (2018: £415,000).

Stocks are stated after a provision for impairment of £170,265 (2018: £66,482).



**BCM SPECIALS LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019****17. Debtors**

	2019 £000	2018 £000
Trade debtors	269	363
Amounts owed by group undertakings	737	1,000
Other debtors	12	12
	<u>1,018</u>	<u>1,375</u>

Amounts owed by Group undertakings at 31 December 2019 includes a cash management facility with Fareva UK Limited which is unsecured, has no fixed date for repayment, is repayable on demand and accrues interest at 1 month LIBOR.

**18. Cash at bank and in hand**

	2019 £000	2018 £000
Cash at bank and in hand	-	275

**19. Creditors: amounts falling due within one year**

	2019 £000	2018 £000
Trade creditors	175	184
Amounts owed to group undertakings	1,977	687
Taxation and social security	70	-
Other creditors	30	91
Accruals and deferred income	249	299
	<u>2,501</u>	<u>1,261</u>

Amounts owed to Group undertakings at 31 December 2019 includes a facility with BCM Limited which is unsecured, has no fixed date for repayment, is repayable on demand and accrues interest at 1 month LIBOR.

## BCM SPECIALS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

#### 20. Called up share capital

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
3 (2018: 3) Ordinary shares of £1 (2018: £1) each	<u>3</u>	<u>3</u>

The Company has one class of ordinary shares which carry no right to fixed income.

#### 21. Reserves

##### Share premium account

The share premium account represents the consideration received on the issue of shares in the Company in excess of nominal value of those shares, net of issue cost, bonus issue of shares and any subsequent capital reductions.

##### Profit and loss account

The profit and loss account represents the accumulated profits, losses, and distributions of the Company.

#### 22. Contingent liabilities

The Company has no material contingent liabilities other than those arising in the normal course of business.

#### 23. Related party transactions

During the year the Company entered into transactions, in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow wholly owned subsidiaries.

#### 24. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Fareva UK Limited, which owns 100% of the Company's shares.

The ultimate parent undertaking and controlling party is Fareva SA, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. The consolidated financial statements of Fareva SA can be obtained from 28 place de la Gare, L-1616 Luxembourg.

#### 25. Post balance sheet event

Since the end of the year the Covid-19 global pandemic has had limited impact on the business. Measures put in place to protect the workforce and the impact on customers and suppliers relationships have been mentioned in the Directors Report. There is no deemed impact on the going concern basis these accounts have been prepared nor any balances in these accounts.