Registered number: 06009025

BCM SPECIALS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

BCM SPECIALS LIMITED

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BCM SPECIALS LIMITED

COMPANY INFORMATION

Directors	Fareva UK Limited C Petras V Bozdemir
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

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present the Strategic Report of BCM Specials Limited (the "Company") for the year ended 31 December 2021.

Business review

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

	2021 £000	2020 £000
Turnover	**1,549**	3,197
Operating loss	**(16,856)**	(741)
Loss for the financial year	**(16,829)**	(772)
Total shareholders' (deficit)/funds	**(2,828)**	14,001

The Company manufactures and sells bespoke unlicensed prescription medicines within the UK and licensed medicines to UK and international customers.

The ultimate parent company is Fareva SA, a family-owned company whose strength lies in its financial independence. It is one of the world's leading contract development and manufacturing organisations in the pharmaceuticals, cosmetics, make-up, and industrial and homecare fields. The Fareva SA consolidated group (the "Group") operates in 12 countries with 42 factories and employs more than 13,000 employees with annual revenues reaching 1.8 billion euros in 2021.

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. Innovation lies at the heart of the Company's approach and thanks to its dedicated R&D centres ideas are created for customers on an ongoing basis.

The values of the Group are passion, drive, independence, sharing and recognition.

It is thanks to a 'passion for action' that Fareva has been so successful. This passion drives its employees, cements their enthusiasm and inspired a genuine commitment to its customers.

Thanks to the dynamic energy of its employees Fareva is expanding internationally, strengthening its subsidiaries and its entrepreneurial spirit. This drive allows all the Group's teams to excel at satisfying its customers.

The Group has chosen to maintain its financial and decision making independence. As a consequence there is a desire to respect the subsidiaries' autonomy but also provide support as necessary.

The Group's team spirit ethos means sharing common objectives, know-how and skills with all stakeholders.

Fareva recognises the work and performance of its employees throughout the world and this allows each person's individual identity to be revealed.

BCM Specials Limited shares the same approach of continuous improvement and sustainable development as the parent group. The strategy is to strike an effective balance between long-term goals and short-term performance management.

The Company has a customer focused approach and exclusively supports the customers' brands and meeting the customers' needs. The aim is to build long-term partnerships built on trust.

Business review (continued)

Like all businesses the Company was impacted by the global Covid-19 pandemic in both 2020 and 2021. With some key customers having to close their retail outlets, production volume was impacted.

Although Covid-19 affected the operation of the Company, procedures were successfully implemented to ensure risks were reduced as far as possible whilst maintaining output. These included: effective social distancing rules, temperature checks before entry into the factory, self-isolation as required, availability of hand sanitizer, keeping doors open to minimise contact, high quality of hygiene throughout the factory, all visitors banned from site and contractors needing to follow the same rules as staff, maintenance of skeleton crews in the offices and home working where possible, reorganised pedestrian routes, implementation of a covid committee, regular communication with the trade union, etc.

Principal risks and uncertainties

The Company's directors monitor the overall risk profile of the Company and this is considered a key component to compliance with section 172 of the Companies Act 2006 as outlined below. 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 and 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

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-labelling 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.

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.

Directors' duties – statement surrounding section 172 of the Companies Act 2006

BCM Specials Limited has been part of the Fareva Group since 2017. Fareva has a governance structure which provides the framework for the board of BCM Specials Limited to make decisions for the long term success of the Group and its stakeholders. That governance structure also enables compliance with the requirements of section 172 of the Companies Act 2006 through corporate governance practices based on the principles of transparency, equity, accountability and corporate responsibility.

During 2021, BCM Specials Limited had regards to the matters set out in section 172(1)(a) to (f) of the Companies Act 2006, when performing its duties under section 172 through:

- Giving effect to the Company's corporate purpose via BCM Specials Limited's leadership team.
- Considering the likely consequences of long term decisions on all stakeholders including employees, customers and suppliers.
- Corporate Social Responsibility audits conducted by independent 3rd party auditors.
- ISO 90001 and ISO 22716 certification to ensure a high level of quality.
- ISO 14001 certification to ensure we are conducting our business with the outmost respect for the environment combined with a program of energy reduction.
- Regular communications to our employees about the performance of the Company.
- A set of policies to ensure that the Company maintains the highest standards of business conduct, for example, as set out in our Corruption & Anti-bribery policy.
- Regular meetings with our customers to assess our performance against their expectations.

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

V Bozdemir
Director

V. Bozdemir

Date: 01 / 11 / 2022

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and the audited financial statements of BCM Specials Limited (the "Company") for the year ended 31 December 2021.

Principal activities

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 £16,829,000 (2020: £772,000).

The directors do not recommend the payment of a dividend (2020: £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
C Petras
J Stewart (resigned 15 August 2021)
V Bozdemir (appointed 1 October 2021)

Going concern

Whilst the Company has net liabilities of £2,828,000 (2020: assets £14,001,000), the directors believe that preparing the financial statements on a going concern basis is appropriate. 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 provided a letter of support confirming it will make such funds available to Fareva UK and its subsidiary undertakings as are needed to meet its financial obligations and will not seek repayment of any amounts currently repayable to members within the Fareva SA Group for at least 12 months from the approval of these financial statements.

The directors are in advanced discussions regarding the sale of the Company to a specific third party. It is currently anticipated that the sale will be completed within the next twelve months. In relation to the proposed sale of the Company, the directors acknowledge the uncertainty in future financing and funding arrangements created by the expected sale. As at the date of signing the financial statements there is no legal commitment in place for the future funds or plans of the new potential acquirer, which therefore gives rise to a material uncertainty on the Company's ability to continue as a going concern. However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company was unable to continue as a going concern.

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 has seen little affect from 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.

Research and development activities

The Company currently performs research and development activities where technological uncertainty exists in the formulation or manufacturing changes required to deliver innovative 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 period. 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.

Risk management

The Company provides products to its customers in a highly-regulated environment. As the business has grown the risk environment has become more complex and the Company's approach to risk management is continually evolving. For regulatory purposes the Company undertakes various audits during each year. The management of financial risk is detailed on page 6 of the Directors' Report.

Business relationship

BCM Specials Limited's business is conducted in line with the Fareva Group's rules and requirements as set out in its Ethics Charter. Customer relationships are developed to try to nurture long-term mutually beneficial partnerships.

The Company values all of its suppliers and tries to have long-term contracts with its key suppliers.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Quality

BCM Specials Limited aspires to bring the highest standards and level of integrity to all of its activities. This is achieved by:

- good manufacturing practices and guaranteed traceability;
- risk analysis;
- change control;
- continuous improvement; and
- regulatory affairs support.

Environment

The growth of the Fareva Group is underpinned by a policy that genuinely respects natural resources and the environment in which it operates. The policy includes:

- prevention of all accidents and any risk of pollution;
- training for employees on environmental issues;
- development of local partnerships;
- support for clients in terms of their products eco-design; and
- assisting our clients for the supply of responsibly sourced packaging components and raw materials.

Disclosure of information to auditors

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:

V. Bozdemir

V Bozdemir
Director

Date: 01/11/2022

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BCM SPECIALS LIMITED

Report on the audit of the financial statements

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 2021 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 and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2021; the Statement of Comprehensive Income and 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.

Material uncertainty related to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2.3 to the financial statements concerning the Company's ability to continue as a going concern. The directors are in advanced discussions regarding the sale of the Company within the going concern forecast period. As a result, the directors do not, at the date of approval of these financial statements, have a legal commitment in place for the future funds or plans of the new potential acquirer. These conditions, along with the other matters explained in note 2.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern. In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. These conditions, along with the other matters explained in note 2.3 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern.

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

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

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.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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.

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, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006 and UK tax law, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to fraudulent transactions to overstate the performance of the Company that are included within the parent company's consolidated financial statements. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations or fraud;
- Reviewing Board minutes and and compliance reports;
- Identifying and testing journal entries, in particular those having unusual account combinations;
- Obtaining third party confirmations of all the Company's banking arrangements

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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. 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.

Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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.

Bruan Treharne (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
Date: 1 November 2022

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover	4	**1,549**	3,197
Cost of sales		**(1,829)**	(2,088)
Gross (loss)/profit		**(280)**	1,109
Distribution costs		**(64)**	(60)
Administrative expenses		**(1,717)**	(1,790)
Impairment of intangible assets	5	**(14,207)**	-
Impairment of tangible assets	5	**(588)**	-
Operating loss	5	**(16,856)**	(741)
Interest payable and similar expenses	9	**(28)**	(14)
Loss before taxation		**(16,884)**	(755)
Tax on loss	10	**55**	(17)
Loss for the financial year		**(16,829)**	(772)
Total comprehensive expense for the financial year		**(16,829)**	(772)

The notes on pages 16 to 31 form part of these financial statements.

BCM SPECIALS LIMITED
REGISTERED NUMBER: 06009025

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £000	2020 £000
Assets			
Non-current assets			
Intangible assets	11	-	14,391
Tangible assets	12	500	1,205
		500	15,596
Current assets			
Stock	14	360	406
Debtors	15	200	633
		560	1,039
Total assets		1,060	16,635
Liabilities			
Current liabilities			
Creditors: amounts falling due within one year	16	(3,888)	(2,579)
Net current liabilities		(3,328)	(1,540)
Total assets less current liabilities		(2,828)	14,056
Non-current liabilities			
Deferred taxation	13	-	(55)
Net (liabilities)/assets		(2,828)	14,001
Capital and reserves			
Called up share capital	17	-	-
Share premium account	18	1,830	1,830
Profit and loss account	18	(4,658)	12,171
Total shareholders' (deficit)/funds		(2,828)	14,001

**BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2021**

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

V. Bozdemir

V Bozdemir
Director

Date: 01/11/2022

The notes on pages 16 to 31 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Called up share capital	Share premium account	Profit and loss account	Total shareholders' funds
	£000	£000	£000	£000
At 1 January 2020	-	1,830	12,943	14,773
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(772)	(772)
Total comprehensive expense for the financial year	-	-	(772)	(772)
At 31 December 2020 and 1 January 2021	-	1,830	12,171	14,001
Comprehensive expense for the financial year				
Loss for the financial year	-	-	(16,829)	(16,829)
Total comprehensive expense for the financial year	-	-	(16,829)	(16,829)
At 31 December 2021	-	1,830	(4,658)	(2,828)

The notes on pages 16 to 31 form part of these financial statements.

1. General information

BCM Specials Limited is a private company limited by shares and is registered in the United Kingdom and domiciled in England. 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.

2.2 New standards, amendments and interpretations

There are no new accounting standards effective for the year ended 31 December 2021 that have had a material impact on the Company.

2. Accounting policies (continued)

2.3 Going concern

Whilst the Company has net liabilities of £2,828,000 (2020: assets £14,001,000), the directors believe that preparing the financial statements on a going concern basis is appropriate. 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 provided a letter of support confirming it will make such funds available to Fareva UK and its subsidiary undertakings as are needed to meet its financial obligations and will not seek repayment of any amounts currently repayable to members within the Fareva SA Group for at least 12 months from the approval of these financial statements.

The directors are in advanced discussions regarding the sale of the Company to a specific third party. It is currently anticipated that the sale will be completed within the next twelve months. In relation to the proposed sale of the Company, the directors acknowledge the uncertainty in future financing and funding arrangements created by the expected sale. As at the date of signing the financial statements there is no legal commitment in place for the future funds or plans of the new potential acquirer, which therefore gives rise to a material uncertainty on the Company's ability to continue as a going concern. However, the directors continue to adopt the going concern basis in preparing the financial statements and the financial statements do not include any of the adjustments required if the Company was unable to continue as a going concern.

2.4 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. Accounting policies (continued)

2.5 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 9 to 10 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.

2.6 Finance costs

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

2.7 Foreign currency translation

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.

2.8 Operating loss

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

2.9 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 profit or loss when the asset is derecognised.

2. Accounting policies (continued)

2.10 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:

- Assets in the course of construction - not depreciated;
- Long-leasehold land and buildings - depreciated to their estimated residual values over their useful economic lives of not more than 50 years;
- Plant and machinery - 5 to 15 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.

2.11 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 asset is 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 profit or loss, 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 profit or loss, 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.

2. Accounting policies (continued)

2.12 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 stocks to their present location and condition. Cost is calculated using manufacturing standard cost basis. The cost of raw materials and packaging is the cost of purchase on a weighted average cost basis. 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.

2.13 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.

2.14 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.

2.15 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets and financial liabilities are initially measured at fair value.

Financial assets
All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Fair value through profit or loss
All of the Company's financial assets other than those which meet the criteria to be measured at amortised cost or fair value through other comprehensive income are subsequently measured at fair value at the end of each reporting period, with any fair value gains or losses being recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset.

2. Accounting policies (continued)

2.15 Financial instruments (continued)

Debt instruments at amortised cost
Debt instruments are subsequently measured at amortised cost where they are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Amortised cost is calculated using the effective interest method and represents the amount measured at initial recognition less repayments of principal plus the cumulative amortisation using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Debt instruments at fair value through other comprehensive income
Debt instruments are subsequently measured at fair value through other comprehensive income where they are financial assets held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity instruments at fair value through other comprehensive income
On initial recognition of an investment in equity instrument, the Company may make an irrevocable election to designate the financial assets as at fair value through other comprehensive income, providing that it is not held for trading nor is it contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies.

Impairment of financial assets
The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised or at fair value through other comprehensive income. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses ("ECL") for trade receivables and amounts due on contracts with customers. The expected credit losses on these financial assets are estimated based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

Financial liabilities
Fair value through profit or loss
Financial liabilities are classified as at fair value through profit or loss, when the financial liability is held for trading, or is designated as at fair value through profit or loss. This designation may be made if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise, or the financial liability forms part of a group of financial instruments which is managed and its performance is evaluated on a fair value basis, or the financial liability forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at fair value through profit or loss. Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

2. Accounting policies (continued)

2.15 Financial instruments (continued)

At amortised cost
Financial liabilities which are neither contingent consideration of an acquirer in a business combination, held for trading, nor designated as at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. This 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 amortised cost of a financial liability.

2.16 Current and deferred taxation

The tax expense 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 period
Current and deferred tax are recognised in profit or loss, 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.

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 13.

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
The impairment testing relies on key management estimations on future forecasted profitability per latest approved business plan. Shortfalls or delays in growth expectations could result in further impairments in future years.

4. Turnover

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

	2021	2020
	£000	£000
Sale of goods	**1,549**	3,197

The significant majority of turnover arose within the United Kingdom.

5. Operating loss

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

	2021 £000	2020 £000
Depreciation of tangible assets (note 12)	**117**	128
Amortisation of intangible assets (note 11)	**190**	181
Impairment of tangible assets (note 12)	**588**	-
Impairment of intangible assets (note 11)	**14,207**	-
Net foreign exchange losses	**2**	1
Cost of inventories recognised as an expense (note 14)	**277**	550
Write-down of inventories recognised as an expense	**340**	327
Reversal of write downs of inventories recognised as an expense	**(146)**	(199)

6. 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:

	2021 £000	2020 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	**20**	17
Other non-audit fees payable	**2**	6
	22	23

7. Employees

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

8. Directors' remuneration

	2021 £000	2020 £000
Aggregate directors' remuneration	4	8
Company contributions to defined contribution pension schemes	-	1
	4	9

During the year retirement benefits were accruing to 2 directors (2020: 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £3,000 (2020: £8,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £Nil (2020: £1,000).

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

9. Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to Group undertakings	28	14

10. Tax on loss

	2021 £000	2020 £000
Current tax		
Current tax on losses for the financial year	-	-
Total current tax	-	-
Deferred tax (note 13)		
Origination and reversal of timing differences	(55)	13
Changes in the recognised deferred tax rate	-	4
Total deferred tax	(55)	17
Total tax (credit)/charge	(55)	17

10. Tax on loss (continued)

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is higher than (2020: higher than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%). The differences are explained below:

	2021 £000	2020 £000
Loss before taxation	**(16,884)**	(755)
Loss before taxation multiplied by standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	**(3,208)**	(143)
Effects of:		
Timing differences	**(93)**	13
Changes in the recognised deferred tax rate	**-**	4
Tangible asset - deferred tax asset not recognised	**38**	-
Tax losses - deferred tax asset not recognised	**3,208**	143
Total tax (credit)/charge for the financial year	**(55)**	17

Factors that may affect future tax charges

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. These changes had been substantively enacted at the balance sheet date.

11. Intangible assets

	Goodwill £000	Development expenditure £000	Computer software £000	Total £000
Cost				
At 1 January 2021	17,085	1,745	122	18,952
Additions	-	-	6	6
At 31 December 2021	17,085	1,745	128	18,958
Accumulated amortisation and impairment				
At 1 January 2021	4,229	286	46	4,561
Charge for the year	-	174	16	190
Impairment	12,856	1,285	66	14,207
At 31 December 2021	17,085	1,745	128	18,958
Net book value				
At 31 December 2021	-	-	-	-
At 31 December 2020	12,856	1,459	76	14,391

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. As disclosed in note 2.3 there is an anticipated sale to be completed and the intangible and tangible assets have been impaired to the expected fair values less cost to complete.

12. Tangible assets

	Long-term leasehold land and buildings £000	Plant and machinery £000	Fixtures fittings, tools and equipment £000	Assets in the course of construction £000	Total £000
Cost					
At 1 January 2021	334	735	935	12	2,016
Transfers from assets in the course of construction	-	12	-	(12)	-
At 31 December 2021	334	747	935	-	2,016
Accumulated depreciation and impairment					
At 1 January 2021	72	227	512	-	811
Charge for the year	6	48	63	-	117
Impairment	138	255	195	-	588
At 31 December 2021	216	530	770	-	1,516
Net book value					
At 31 December 2021	118	217	165	-	500
At 31 December 2020	262	508	423	12	1,205

As disclosed in note 2.3 there is an anticipated sale to be completed and the intangible and tangible assets have been impaired to the expected fair values less cost to complete.

13. Deferred taxation

	2021 £000
At beginning of the year	**55**
Credited to profit or loss	**(55)**
At end of the year	**-**

The deferred taxation balance is made up as follows:

	2021 £000	2020 £000
Net accelerated tax depreciation	**-**	55

14. Stocks

	2021 £000	2020 £000
Raw materials and consumables	**248**	278
Work in progress	**1**	2
Finished goods and goods for resale	**111**	126
	360	406

The cost of inventories recognised as an expense during the year was £277,005 (2020: £550,096).

Inventories are stated after a provision for impairment of £73,375 (2020: £67,803).

15. Debtors

	2021 £000	2020 £000
Trade debtors	**155**	456
Prepayments and accrued income	**45**	177
	200	633

16. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	**6**	43
Amounts owed to Group undertakings	**3,511**	1,994
Taxation and social security	**34**	203
Other creditors	**153**	193
Accruals and deferred income	**184**	146
	3,888	2,579

17. Called up share capital

	2021 £	2020 £
Allotted, called up and fully paid		
3 (2020: 3) Ordinary shares of £1 (2020: £1) each	**3**	3

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

18. 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.

19. Contingent liabilities

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

20. 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.

21. 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.