

Registered Number: 07485493

Group Strategic Report, Directors' Report and
Consolidated Financial Statements for the Year Ended 31 December 2020
for
Mundipharma IT Services Limited

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Mundipharma IT Services Limited

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for the Year Ended 31 December 2020

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Mundipharma IT Services Limited

COMPANY INFORMATION
for the Year Ended 31 December 2020

DIRECTORS:

S J Jamieson
B G Lea
P M M Mazas

REGISTERED OFFICE:

9th Floor, New Zealand House
80 Haymarket
London
SW1Y 4TQ

REGISTERED NUMBER:

07485493 (England and Wales)

Mundipharma IT Services LimitedGroup Strategic Report
for the Year Ended 31 December 2020

The Directors present their strategic report on the group and parent company financial statements of Mundipharma IT Services Limited (the "Company") for the year ended 31 December 2020.

REVIEW OF BUSINESS

The group's principal activity is the provision of IT services to related party clients. The Directors expect this activity to continue for the foreseeable future.

The key financial and non-financial performance indicators that are used to assess the group's performance are turnover, operating profit and headcount. These are reported in the management accounts and reviewed by the Board and operational managers.

	2020 £'000	2019 £'000	% Change
Turnover	32,857	36,595	-10.2%
Operating Profit	813	861	-5.6%
Headcount	67	64	4.7%

The changes in turnover, operating profit and headcount in 2020 have resulted from changes in services provided by the group to its customers.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the group are broadly grouped as market risk.

Market risk

Following the UK leaving the European Union on 31 January 2020 the group has taken adequate measures to mitigate risks through the transitional period to 31 December 2020 including adoption of the new rules from 1 January 2021.

The group operates under company service agreements with its clients. The risk to the group is that these agreements may be terminated earlier than expected. This is not anticipated at this time with management monitoring the relationship with their clients on a regular basis and ensuring a high level of service is maintained. The clients are also financially strong, which mitigates any credit, or liquidity risk to the group.

Regarding a discussion of the impact of the COVID-19 pandemic, please refer to the going concern section in the Directors' Report.

STATEMENT RELATING TO SECTION 172 (1) COMPANIES ACT 2006

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the Company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

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

Each of the Directors is mindful of their duties under section 172 to run the company for the benefit of its shareholders, and in doing so, to take into account the long-term impact of any decisions on stakeholder relationships and the impact of its activities on its reputation for high standards of business conduct.

Mundipharma IT Services Limited

Group Strategic Report
for the Year Ended 31 December 2020

Principal board decisions

No significant decisions were taken during the year.

Stakeholder Engagement

Employees

The group works to attract, develop and retain the best talent and strives to equip its employees with the right skills for the future. The group's employees have a crucial role in delivering against the group's strategy and creating value.

The group actively engages with its employees across several communication channels, including Company-wide meetings, internal employee consultation forums, employment engagement surveys and other ad hoc meetings. Key subjects that have been discussed through these channels include the business's performance vs key priorities, employee wellbeing, the impacts of the COVID-19 pandemic to the business and remote working.

Suppliers

The group considers its relationships with suppliers as critical to the overall performance of the business, proactively engaging with suppliers and routinely seeking feedback through partner surveys.

To ensure regulatory compliance and to meet industry and internal standards there is a constant rolling programme of supplier audits, visits and business review meetings within the group's manufacturing operations. These two-way discussions cover quality, commercial and performance criteria.

In more recent times the discussions have covered the impact of Brexit and COVID-19 on operations, both on the supplier and within their supply chains. Topics covered include contingency planning, management of risk and continuity of supply.

Customers

Working in partnership with the group's customers enables the business to deliver on its priority to become a partnership driven business and to deliver commercial excellence in everything that it does. The group considers these relationships of strategic importance to the success of the business and is in regular dialogue with these key stakeholders.

Community

The group has a strong focus on community. Programmes such as "Giving Matters" have seen several employee initiatives result in charitable donations made to a wide variety of UK Charities. In addition, each year employees are able to take one day's paid leave to support a charitable cause of their choosing. In 2020, the group also supported several employees in providing voluntary support to the NHS during the COVID-19 crisis.

Napp Pharmaceutical Group Pension Scheme

The group has a positive relationship with the Pension Trustee and seeks to ensure that all pension scheme members are kept well informed of matters affecting their pension benefits.

Other stakeholders

The group understands that relationships with other stakeholders such as HMRC, banking partners and other professional advisors are a key component in the success of the business and places an emphasis on fostering these critical relationships.

ON BEHALF OF THE BOARD:

DocuSigned by:

Philippe Mazas

.....
P M M Mazas - Director

Date: 02 February 2022
.....

Mundipharma IT Services Limited

Directors' Report
for the Year Ended 31 December 2020

The Directors present their report on the group and parent company financial statements of Mundipharma IT Services Limited (the "Company") for the year ended 31 December 2020.

PRINCIPAL ACTIVITY

The group's principal activity is the provision of IT services to related party clients. The Directors expect this activity to continue for the foreseeable future.

DIVIDENDS

No dividends will be declared for the year ended 31 December 2020 (2019: £nil).

FUTURE DEVELOPMENTS

The Directors do not anticipate any changes in the principal activity in the foreseeable future.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The Directors shown below have held office during the period from 1 January 2020 to the date of the report.

P M M Mazas

S J Jamieson

B G Lea - appointed 1 January 2020

D Docherty – resigned 17 June 2021

GOING CONCERN AND COVID-19

The group operates under service agreements with various related party entities that are long term in nature and result in a mark-up on costs. These entities operate in the healthcare sector, and while the ongoing COVID-19 pandemic will undoubtedly impact the global economy and healthcare systems, the group's customers expect to see continued demand from their product portfolios, which notably contains many well-established products treating chronic conditions. The operations of the group as well as those of its customers have continued largely as normal, and staff have successfully transitioned to virtual working, ensuring the continued running of the business.

Given these service agreements are long term in nature, are with related party entities that have not experienced significant financial impact of the COVID-19 pandemic, and are not expected to change, and given the profitable nature of the group, as it operates on a mark-up basis, and the strength of the company balance sheet, the Directors believe that there is sufficient cash and future cash flows to meet liabilities as they fall due, having prepared forecasts that reflect the latest financial projections through to 28 February 2023.

Based on the Directors' consideration of the ongoing contractual terms with customers, and forecasts that cover the period to 28 February 2023, the Directors have prepared these financial statements on a going concern basis.

DISABLED EMPLOYEES

The group gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or a disabled person.

With regard to existing disabled employees and those that have become disabled during the course of their employment, the group has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development opportunities where appropriate.

EMPLOYEE INVOLVEMENT

During the year, information about the group has been supplied to employees through management meetings and other direct communication.

Mundipharma IT Services Limited

Directors' Report
for the Year Ended 31 December 2020

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

Each director benefits from an indemnity given by the Company under its articles of association. This indemnity is in respect of liabilities incurred by the director in the execution and discharge of his/her duties. In addition, each director benefits from an indemnity in respect of liabilities arising out of third party proceedings to which he/she is a party by reason of his/her engagement in the business of the Company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

DocuSigned by:

Philippe Mazas
EA90C84A50B94CA
P M M Mazas - Director

Date: 02 February 2022

Mundipharma IT Services Limited

Statement of Directors' Responsibilities
for the Year Ended 31 December 2020

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the Independent Auditors to the Members of
Mundipharma IT Services Limited

Opinion

We have audited the financial statements of Mundipharma IT Services Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for the period to 28 February 2023.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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 course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

Report of the Independent Auditors to the Members of
Mundipharma IT Services Limited

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. 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. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Report of the Independent Auditors to the Members of
Mundipharma IT Services Limited

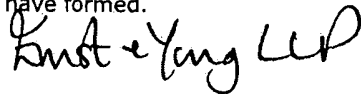
Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, the Financial Reporting Standard 102, HM Revenue & Customs regulations and other UK Tax Legislation.
- We understood how the group is complying with those frameworks by through enquiry with management and by identifying the company's policies and procedures regarding compliance with laws and regulations. We also identified those members of management who have the primary responsibility for ensuring compliance with laws and regulations, and for the reporting of any known instances of non-compliance to those charged with governance.
- We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur by enquiry during the planning and execution phases of our audit.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved
 - Inquiry of senior management, and when appropriate, those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements.
 - Enquiry of entity staff in compliance functions to identify any instances of non-compliance with laws and regulations, including communications with regulators and tax authorities.
 - Reading board minutes for matters that indicated non compliance.
 - Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



Ruth E Logan
(Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge

Date:



Mundipharma IT Services LimitedConsolidated Statement of Comprehensive Income
for the Year Ended 31 December 2020

	Notes	2020 £'000	2019 £'000
TURNOVER	3	32,857	36,595
Administrative expenses		<u>(32,044)</u>	<u>(35,734)</u>
OPERATING PROFIT	6	813	861
Interest receivable and similar income	7	3	10
Other finance income	19	<u>39</u>	<u>2</u>
		855	873
Interest payable and similar expenses	8	<u>(156)</u>	<u>(192)</u>
PROFIT BEFORE TAXATION		699	681
Tax on profit	9	<u>(120)</u>	<u>(135)</u>
PROFIT FOR THE FINANCIAL YEAR		579	546
OTHER COMPREHENSIVE INCOME/(LOSS)			
Actuarial gain on pension assets		665	620
Actuarial loss on pension liabilities		(829)	(751)
Exchange difference on retranslation of subsidiary undertakings		859	(234)
Income tax relating to components of other comprehensive income/(loss)		<u>32</u>	<u>25</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF INCOME TAX		<u>727</u>	<u>(340)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,306</u></u>	<u><u>206</u></u>

The notes form part of these financial statements

Mundipharma IT Services Limited (Registered number: 07485493)Consolidated Balance Sheet
31 December 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	11	16,561	11,790
Tangible assets	12	575	1,143
Investments	13	-	-
		<u>17,136</u>	<u>12,933</u>
CURRENT ASSETS			
Debtors	14	6,509	10,140
Cash at bank		<u>4,453</u>	<u>3,029</u>
		10,962	13,169
CREDITORS			
Amounts falling due within one year	15	<u>(11,684)</u>	<u>(11,237)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(722)</u>	<u>1,932</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,414	14,865
CREDITORS			
Amounts falling due after more than one year	16	<u>(8,868)</u>	<u>(8,625)</u>
NET ASSETS		<u>7,546</u>	<u>6,240</u>
CAPITAL AND RESERVES			
Called up share capital	18	1	1
Retranslation reserve	18	2,968	2,121
Merger reserve	18	(4,827)	(4,827)
Other reserves	18	211	199
Retained earnings	18	<u>9,193</u>	<u>8,746</u>
		<u>7,546</u>	<u>6,240</u>

2nd February 2022

The financial statements were approved by the Board of Directors on and were signed on its behalf by:

DocuSigned by:

Philippe Mazas

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P M M Mazas - Director

The notes form part of these financial statements

Mundipharma IT Services Limited (Registered number: 07485493)Company Balance Sheet
31 December 2020

	Notes	2020 £'000	2019 £'000
FIXED ASSETS			
Intangible assets	11	14,797	8,135
Tangible assets	12	381	698
Investments	13	<u>11,017</u>	<u>11,017</u>
		<u>26,195</u>	<u>19,850</u>
CURRENT ASSETS			
Debtors	14	5,828	9,117
Cash at bank		<u>3,881</u>	<u>1,779</u>
		9,709	10,896
CREDITORS			
Amounts falling due within one year	15	<u>(22,672)</u>	<u>(18,267)</u>
NET CURRENT LIABILITIES		<u>(12,963)</u>	<u>(7,371)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,232	12,479
CREDITORS			
Amounts falling due after more than one year	16	<u>(8,868)</u>	<u>(8,625)</u>
NET ASSETS		<u>4,364</u>	<u>3,854</u>
CAPITAL AND RESERVES			
Called up share capital	18	1	1
Revaluation reserve	18	-	3
Retained earnings	18	<u>4,363</u>	<u>3,850</u>
		<u>4,364</u>	<u>3,854</u>
Company's profit for the financial year		<u>645</u>	<u>583</u>

The financial statements were approved by the Board of Directors on 2nd February 2022
and were signed on its behalf by:

DocuSigned by:
Philippe Mazas
.....
P M M Mazas, Director

The notes form part of these financial statements

Mundipharma IT Services LimitedConsolidated Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £'000	Retained earnings £'000	Retranslation reserve £'000
Balance at 1 January 2019	1	8,306	2,351
Changes in equity			
Profit for the year	-	546	-
Other comprehensive loss	-	(106)	(230)
Total comprehensive income	-	440	(230)
Balance at 31 December 2019	1	8,746	2,121
Changes in equity			
Profit for the year	-	579	-
Other comprehensive loss	-	(132)	847
Total comprehensive income	-	447	847
Balance at 31 December 2020	1	9,193	2,968
	Merger reserve £'000	Other reserves £'000	Total equity £'000
Balance at 1 January 2019	(4,827)	203	6,034
Changes in equity			
Profit for the year	-	-	-
Other comprehensive loss	-	(4)	546
Total comprehensive loss	-	(4)	(340)
Balance at 31 December 2019	(4,827)	199	6,240
Changes in equity			
Profit for the year	-	-	579
Other comprehensive income	-	12	727
Total comprehensive income	-	12	1,306
Balance at 31 December 2020	(4,827)	211	7,546

The notes form part of these financial statements

Mundipharma IT Services LimitedCompany Statement of Changes in Equity
for the Year Ended 31 December 2020

	Called up share capital £'000	Retained earnings £'000	Revaluation reserve £'000	Total equity £'000
Balance at 1 January 2019	1	3,373	3	3,377
Changes in equity				
Profit for the year	-	583	-	583
Other comprehensive income	-	(106)	-	(106)
Total comprehensive income	-	477	-	477
Balance at 31 December 2019	1	3,850	3	3,854
Changes in equity				
Profit for the year	-	648	(3)	645
Other comprehensive income	-	(135)	-	(135)
Total comprehensive income/(loss)	-	513	(3)	510
Balance at 31 December 2020	1	4,363	-	4,364

The notes form part of these financial statements

Mundipharma IT Services LimitedConsolidated Cash Flow Statement
for the Year Ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Cash flows from operating activities			
Cash generated from operations	21	8,069	8,217
Tax paid		<u>(144)</u>	<u>(361)</u>
Net cash from operating activities		<u>7,925</u>	<u>7,856</u>
Cash flows from investing activities			
Purchase of intangible fixed assets		(10,566)	(8,248)
Purchase of tangible fixed assets		(107)	(516)
Sale of intangible fixed assets		3,411	-
Disposals of tangible fixed assets		55	-
Interest received		<u>3</u>	<u>10</u>
Net cash from investing activities		<u>(7,204)</u>	<u>(8,754)</u>
Cash flow from financing activities			
Interest paid		(156)	(182)
Increase/(decrease) in cash and cash equivalents		565	(1,080)
Effect of exchange rates on cash and cash equivalents		859	(182)
Cash and cash equivalents at beginning of year	22	<u>3,029</u>	<u>4,291</u>
Cash and cash equivalents at end of year	22	<u>4,453</u>	<u>3,029</u>

The notes form part of these financial statements

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements
for the Year Ended 31 December 2020**1. STATUTORY INFORMATION**

Mundipharma IT Services Limited is a private company, limited by shares, registered in England and Wales. The Company's registered number and registered office address are as below:

Registered number: 07485493

Registered office: 9th Floor
New Zealand House 80 Haymarket
London
SW1Y 4TQ

2. ACCOUNTING POLICIES**Statement of compliance**

The Company and group financial statements have been prepared in compliance with applicable UK accounting standards including FRS102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', as it applies to the financial statements of the Company for the year ended 31 December 2020.

Basis of preparation of the financial statements

The financial statements of the Company and Group have been approved for issue by the Board of Directors.

The financial statements are presented in UK pounds sterling which is the functional currency of the Company and is rounded to the nearest £'000.

Going Concern and Covid-19

The group operates under service agreements with various related party entities that are long term in nature and result in a mark-up on costs. These entities operate in the healthcare sector, and while the ongoing COVID-19 pandemic will undoubtedly impact the global economy and healthcare systems, the group's customers expect to see continued demand from their product portfolios, which notably contains many well-established products treating chronic conditions. The operations of the group as well as those of its customers have continued largely as normal, and staff have successfully transitioned to virtual working, ensuring the continued running of the business.

Given these service agreements are long term in nature, are with related party entities that have not experienced significant financial impact of the COVID-19 pandemic, and are not expected to change, and given the profitable nature of the group, as it operates on a mark-up basis, and the strength of the Company balance sheet, the Directors believe that there is sufficient cash and future cash flows to meet liabilities as they fall due, having prepared forecasts that reflect the latest financial projections through to 28 February 2023.

Based on the Directors' consideration of the ongoing contractual terms with customers, and forecasts that cover the period to 28 February 2023, the Directors have prepared these financial statements on a going concern basis.

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**2. ACCOUNTING POLICIES - continued****Financial Reporting Standard 102 - reduced disclosure exemptions**

The parent company is a qualifying entity as defined by FRS 102 and has taken advantage of the following exemptions available to qualifying entities which are relevant to its financial statements:

- the requirement of Section 33 Related Party Disclosures paragraph 33.1A: disclosure of intragroup transactions with related parties that are part of the group, where appropriate.

Basis of consolidation

The group accounts consolidate the accounts of Mundipharma IT Services Limited and all subsidiary undertakings made up to 31 December 2020. A Statement of Comprehensive Income is not presented for Mundipharma IT Services Limited as permitted by section 408 of the Companies Act 2006.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables. Future salary increases and pension increases are based on expected future inflation rates.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the group performs impairment tests based on a value in use calculation. FRS 102 requires impaired assets to be measured at the lower of the fair value less costs to sell and their value in use. The cash flows used in the 'value-in-use' calculation are derived from the budget for the next five years. The recoverable amount is most sensitive to the sales forecast used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

Revenue recognition

Revenue is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

The following criteria must also be met before revenue is recognised:

Sale of services: revenue from the sale of services is recognised when the associated expenditure is incurred as customers are billed quarterly on a cost plus basis.

Interest income

Interest is recognised as interest accrued using the effective interest method.

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**2. ACCOUNTING POLICIES - continued****Intangible assets**

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition. Intangible assets acquired as part of an acquisition are not recognised where they arise from legal or other contractual rights, and where there is no history of exchange transactions. Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred.

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight line basis over their estimated useful life up to a maximum of 20 years. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

Computer software intangible fixed assets are amortised over their useful economic lives of 3 - 10 years.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, other than assets under the course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its useful life, as follows:

Plant, equipment and computers: 3 - 5 years

The carrying values of tangible fixed assets are reviewed for impairment in periods where events or changes in circumstances indicate the carrying value may not be recoverable.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

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

Deferred tax assets and unrelieved tax losses are only recognised to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities, or other future taxable profits.

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**2. ACCOUNTING POLICIES - continued**

Deferred tax is measured on a non-discounted basis using the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Research and development

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

Foreign currencies

Transactions in foreign currencies are initially recorded in sterling at the spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date. All resulting differences are reported in the Statement of Comprehensive Income.

Pension costs

The Company is a member of the defined benefit section of the Napp Pharmaceutical Group Pension Scheme, which requires contributions to be made to a separately administered fund. Membership of this section of the scheme was closed to new members on 1 September 2002 and closed to further benefit accrual by members in June 2015, although a link to final salary remains for those members still in employment.

As the scheme is a multi-employer scheme where the risks are shared between entities party to the scheme and there is a stated policy of charging the defined benefit cost of the plan as a whole to those entities, each company has recognised its proportion of the defined benefit cost and relevant net defined benefit liability of the overall plan.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

The Napp Pharmaceutical Group Pension Scheme established a defined contribution section of the pension scheme as of 1 September 2002. All employees are eligible to join the defined contribution pension section of the pension scheme. Contributions to the defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**2. ACCOUNTING POLICIES - continued****Interest**

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable or receivable. After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in interest receivable and similar income or other finance costs.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in administrative expenses.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2020 £'000	2019 £'000
Services revenue	<u>32,857</u>	<u>36,595</u>

An analysis of turnover by geographical market is given below:

	2020 £'000	2019 £'000
United Kingdom	18,519	20,414
Europe	8,797	9,507
Rest of World	<u>5,541</u>	<u>6,674</u>
	<u>32,857</u>	<u>36,595</u>

4. EMPLOYEES AND DIRECTORS

	2020 £'000	2019 £'000
Wages and salaries	4,124	4,388
Social security costs	727	745
Other pension costs	76	55
Employment termination costs	<u>51</u>	<u>14</u>
	<u>4,978</u>	<u>5,202</u>

The average number of employees during the year was as follows:

	2020	2019
Office and management	12	12
IT Staff	<u>55</u>	<u>52</u>
	<u>67</u>	<u>64</u>

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**5. DIRECTORS' EMOLUMENTS**

	2020 £'000	2019 £'000
Aggregate remuneration in respect of qualifying services borne by the Company and group company	502	634
Aggregate amounts receivable under long term incentive plans	179	415
Number of directors accruing benefits under defined benefit pension schemes	-	-
In respect of the highest paid director:		
Aggregate remuneration	502	634
Accrued pension at the end of the year	-	-

In addition to the directors' remuneration disclosed above, certain directors receive remuneration from other related companies, and consider that the level of their qualifying services to the Company is negligible compared to their main roles. Given the level of the services required, their remuneration for qualifying services is £nil (2019 – £nil).

6. OPERATING PROFIT

The operating profit is stated after charging:

	2020 £'000	2019 £'000
Depreciation - owned assets	645	655
Loss on disposal of fixed assets	-	871
Computer software amortisation	2,608	1,766
Auditors' remuneration - audit services	51	37
Auditors' remuneration - taxation compliance services	40	63
Auditors' remuneration - taxation advisory services	6	-
Employment termination costs	51	14
Foreign exchange differences	<u>807</u>	<u>159</u>

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2020	2019
	£'000	£'000
Deposit account interest	<u>3</u>	<u>10</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£'000	£'000
Loan interest	<u>156</u>	<u>192</u>

9. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2020	2019
	£'000	£'000
Current tax:		
UK corporation tax	<u>192</u>	<u>72</u>
Deferred tax:		
Timing difference	-	70
Tax rate changes	<u>(72)</u>	<u>(7)</u>
Total deferred tax	<u>(72)</u>	<u>63</u>
Tax on profit	<u>120</u>	<u>135</u>

UK corporation tax was charged at 19% in 2020 (2019: 19%)

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**9. TAXATION - continued****Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020 £'000	2019 £'000
Profit before tax	<u>699</u>	<u>681</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	133	129
Effects of:		
Expenses not deductible for tax purposes	17	22
Income not taxable for tax purposes	(32)	-
Adjustments to tax charge in respect of previous periods	3	-
Tax rate changes	(12)	(7)
Effects of overseas tax rates	<u>11</u>	<u>(9)</u>
Total tax charge	<u>120</u>	<u>135</u>

Tax effects relating to effects of other comprehensive income

	2020 Gross £'000	Tax £'000	Net £'000
Actuarial gain on pension assets	665	(126)	539
Actuarial loss on pension liabilities	(829)	158	(671)
Exchange difference on retranslation of subsidiary undertakings	<u>859</u>	<u>-</u>	<u>859</u>
	<u>695</u>	<u>32</u>	<u>727</u>

	2019 Gross £'000	Tax £'000	Net £'000
Actuarial gain on pension assets	620	(118)	502
Actuarial loss on pension liabilities	(751)	143	(608)
Exchange difference on retranslation of subsidiary undertakings	<u>(234)</u>	<u>-</u>	<u>(234)</u>
	<u>(365)</u>	<u>25</u>	<u>(340)</u>

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**9. TAXATION - continued**

	2020 £'000	2019 £'000
Current tax:		
In relation to defined benefit pension arrangements	(26)	(25)
Deferred tax:		
Movement on deferred tax in relation to actuarial loss / (gain) on defined benefit pension arrangements	(6)	-
Total tax charge (recognised in OCI)	<u>(32)</u>	<u>(25)</u>

Factors that may affect future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 - 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the Company's/group's deferred tax balances.

Deferred Tax

The deferred tax included in the balance sheet is as follows:

	2020 £'000	2019 £'000
Included in debtors (see note 14)	<u>169</u>	<u>91</u>

The movements in deferred taxation in the current and prior year are as follows:

	2020 £'000	2019 £'000
As at 1 January	91	154
Deferred tax charge to IC for the period	72	(63)
Deferred tax charge to OCI for the period	<u>6</u>	<u>-</u>
As at 31 December	<u>169</u>	<u>91</u>

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**9. TAXATION – continued**

	2020 £'000	2019 £'000
Fixed asset timing differences	73	41
Short term timing differences	<u>96</u>	<u>50</u>
As at 31 December	<u><u>169</u></u>	<u><u>91</u></u>

The Company expects deferred tax assets of £169,000 to reverse in 2021.

10. PROFIT OF PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent Company is not presented as part of these financial statements.

The parent company's profit for the financial year was £645,000 (2019: £583,000).

11. INTANGIBLE FIXED ASSETS**Group**

	Computer software £'000
COST OR VALUATION	
At 1 January 2020	18,201
Additions	10,566
Disposals	(3,538)
Foreign exchange differences	<u>536</u>
At 31 December 2020	<u>25,765</u>
AMORTISATION	
At 1 January 2020	6,411
Amortisation for year	2,608
Eliminated on disposal	(127)
Foreign exchange differences	<u>312</u>
At 31 December 2020	<u>9,204</u>
NET BOOK VALUE	
At 31 December 2020	<u><u>16,561</u></u>
At 31 December 2019	<u><u>11,790</u></u>

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**11. INTANGIBLE FIXED ASSETS - continued****Company**

	Computer software £'000
COST	
At 1 January 2020	9,550
Additions	10,086
Disposals	(2,390)
At 31 December 2020	<u>17,246</u>
AMORTISATION	
At 1 January 2020	1,415
Amortisation for year	1,079
Eliminated on disposal	(45)
At 31 December 2020	<u>2,449</u>
NET BOOK VALUE	
At 31 December 2020	<u>14,797</u>
At 31 December 2019	<u>8,135</u>

12. TANGIBLE FIXED ASSETS**Group**

	Plant, equipment and computers £'000	Construction in progress £'000	Totals £'000
COST OR VALUATION			
At 1 January 2020	5,251	11	5,262
Additions	2	105	107
Disposals	(253)	-	(253)
Foreign exchange differences	71	-	71
Transfer to depreciating asset	114	(114)	-
At 31 December 2020	<u>5,185</u>	<u>2</u>	<u>5,187</u>
DEPRECIATION			
At 1 January 2020	4,119	-	4,119
Charge for year	645	-	645
Eliminated on disposal	(198)	-	(198)
Foreign exchange differences	46	-	46
At 31 December 2020	<u>4,612</u>	<u>-</u>	<u>4,612</u>
NET BOOK VALUE			
At 31 December 2020	<u>573</u>	<u>2</u>	<u>575</u>
At 31 December 2019	<u>1,132</u>	<u>11</u>	<u>1,143</u>

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**12. TANGIBLE FIXED ASSETS - continued****Company**

	Plant, equipment and computers £'000	Construction in progress £'000	Totals £'000
COST			
At 1 January 2020	3,908	11	3,919
Additions	2	105	107
Transfer between classes	114	(114)	-
At 31 December 2020	<u>4,024</u>	<u>2</u>	<u>4,026</u>
DEPRECIATION			
At 1 January 2020	3,221	-	3,221
Charge for year	424	-	424
At 31 December 2020	<u>3,645</u>	<u>-</u>	<u>3,645</u>
NET BOOK VALUE			
At 31 December 2020	<u>379</u>	<u>2</u>	<u>381</u>
At 31 December 2019	<u>687</u>	<u>11</u>	<u>698</u>

13. FIXED ASSET INVESTMENTS**Company**

	Shares in group undertakings £'000
COST	
At 31 December 2020	<u>11,017</u>
At 31 December 2019	<u>11,017</u>
NET BOOK VALUE	
At 31 December 2020	<u>11,017</u>
At 31 December 2019	<u>11,017</u>

Directly owned:**Mundipharma IT Services GmbH**

Company Registered Office: St. Alban Rheinweg 74, 4020 Basel, Switzerland

Country of Incorporation: Switzerland

Nature of business: Provision of IT services

Class of shares:
Ordinary%
holding
100

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**13. FIXED ASSET INVESTMENTS - continued****Indirectly owned:****Mundipharma IT GmbH**

Company Registered Office: St. Alban Rheinweg 74, 4020 Basel, Switzerland
 Country of Incorporation: Switzerland
 Nature of business: Provision of IT services

Class of shares: % holding
 Ordinary 100

Mundipharma IT Services GmbH & Co KG

Company Registered Office: Mundipharma Strasse 2, 65549 Limburg, Germany
 Country of Incorporation: Germany
 Nature of business: Provision of IT services

Class of shares: % holding
 Ordinary 100

Mundipharma IT Services Verwaltungs GmbH

Company Registered Office: Mundipharma Strasse 2, 65549 Limburg, Germany
 Country of Incorporation: Germany
 Nature of business: Provision of IT services

Class of shares: % holding
 Ordinary 100

Mundipharma IT Services PTE Ltd

Company Registered Office: 1 Marina Boulevard, #28-00, Singapore 018989
 Country of Incorporation: Singapore
 Nature of business: Provision of IT services

Class of shares: % holding
 Ordinary 100

14. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade debtors	4,300	7,830	4,398	7,848
Other debtors and prepayments	1,955	2,219	1,184	1,178
Corporation tax	85	-	77	-
Deferred tax asset	<u>169</u>	<u>91</u>	<u>169</u>	<u>91</u>
	<u>6,509</u>	<u>10,140</u>	<u>5,828</u>	<u>9,117</u>

Outstanding balances on trade debtors are unsecured, interest free and cash settlement is expected within 30 days of invoice.

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Trade creditors	5,630	4,522	16,718	12,155
Corporation tax	-	(100)	-	(114)
VAT	567	362	790	585
Other creditors	<u>5,487</u>	<u>6,453</u>	<u>5,164</u>	<u>5,641</u>
	<u>11,684</u>	<u>11,237</u>	<u>22,672</u>	<u>18,267</u>

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Other loans (see note 17)	<u>8,868</u>	<u>8,625</u>	<u>8,868</u>	<u>8,625</u>

Amounts falling due after more than one year include a loan from a related party Mundipharma International Ltd of £4,700,000 (2019: £4,700,000). An annual interest on this loan is charged at the rate of LIBOR plus 1%. Also included as part of the long term payable balance is a loan from a related party Mundipharma Medical Company of £4,168,000 (2019: £3,925,000), where interest is charged at an annual rate of 2.5%. Both balances are repayable on 30 October 2027.

17. LOANS

An analysis of the maturity of loans is given below:

	Group		Company	
	2020	2019	2020	2019
	£'000	£'000	£'000	£'000
Amounts falling due in more than five years:				
Repayable otherwise than by instalments				
Other loans	<u>8,868</u>	<u>8,625</u>	<u>8,868</u>	<u>8,625</u>

18. CALLED UP SHARE CAPITAL AND RESERVES

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020	2019
			£'000	£'000
1,000	Ordinary	£1	<u>1</u>	<u>1</u>

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

Retained earnings

The retained earnings reserve holds the retained earnings of the group, after the deduction of any dividends paid in the period.

Retranslation reserve

The retranslation reserve contains the accumulated foreign exchange differences from the translation of the group's foreign subsidiaries on consolidation, the amounts held in the reserves at 31 December 2020 are £2,968,000 (2019: £2,121,000).

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**18. CALLED UP SHARE CAPITAL AND RESERVES - continued****Merger reserve**

The merger reserve is a non-distributable reserve created by the exercise of s612 merger relief for the amount in excess of the nominal value of the £1 ordinary shares issued in connection with the acquisition of Mundipharma IT Services GmbH by Mundipharma IT Services Ltd.

Other reserves

Legal reserve relates to the amount of profit that has been allocated to meet future dividend requirements under the local requirements in the Swiss subsidiary company. Amounts held in the reserve at 31 December 2020 are £211,000 (2019: £199,000).

19. EMPLOYEE BENEFIT OBLIGATIONS

The company participates in a multi-employer defined benefit pension scheme operated by Napp Pharmaceutical Holdings Limited, the Principal Employer and related party. The Company also participates in a defined contribution master trust arrangement managed by Legal and General. The assets of each arrangement are administered by trustees and are held separately from those of the company in independently administered funds.

A Statutory Funding valuation of the defined benefit pension scheme was carried out as at 31 December 2019 by the Scheme Actuary. This valuation has been updated to 31 December 2020 using assumptions appropriate under Financial Reporting Standard 102 for the purposes of these financial statements. The scheme's assets are stated at their market value on the balance sheet dates.

The Napp Pharmaceutical Group Pension Scheme liability remained at £nil as at 31 December 2020 (£nil at 31 December 2019). The overall net position of the pension valuation continues to be a pension scheme asset surplus attributable to the group. However, this has not been recognised as the group is unable to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension plans	
	2020	2019
	£'000	£'000
Present value of funded obligations	(6,806)	(6,444)
Fair value of plan assets	<u>6,806</u>	<u>6,444</u>
Net liability	<u>-</u>	<u>-</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension plans	
	2020	2019
	£'000	£'000
Administrative expenses	13	9
Net interest from net defined benefit asset/liability	(39)	(2)
	(26)	7

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**19. EMPLOYEE BENEFIT OBLIGATIONS – continued**

	Defined benefit pension plans	
	2020	2019
	£'000	£'000
Actual return on plan assets	<u>792</u>	<u>780</u>

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension plans	
	2020	2019
	£'000	£'000
Opening defined benefit obligation	6,444	5,674
Interest cost	88	158
Adjustment to FV of liabilities to correct asset value	(331)	-
Actuarial losses	829	751
Benefits paid	<u>(224)</u>	<u>(139)</u>
	<u>6,806</u>	<u>6,444</u>

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

	Defined benefit pension plans	
	2020	2019
	£'000	£'000
Opening fair value of scheme assets	6,444	5,674
Contributions by employer	125	129
Adjustment to FV of assets to correct asset value	(331)	-
Expected return	127	160
Actuarial gains	665	620
Benefits paid	<u>(224)</u>	<u>(139)</u>
	<u>6,806</u>	<u>6,444</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension plans	
	2020	2019
	£'000	£'000
Actuarial gains on pension assets	665	620
Actuarial losses on pension liabilities	<u>(829)</u>	<u>(751)</u>
	<u>(164)</u>	<u>(131)</u>

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension plans	
	2020	2019
Equities	35.60%	36.10%
Debt instruments	60.60%	59.20%
Real estate	3.50%	4.00%
Net current assets	<u>0.30%</u>	<u>0.70%</u>
	<u>100.00%</u>	<u>100.00%</u>

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**19. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2020	2019
Discount rate	1.50%	2.10%
Future salary increases	3.20%	3.00%
Future pension increases	2.80%	2.60%
Price inflation (RPI)	2.90%	2.70%
Price inflation (CPI)	2.20%	2.00%

Actuarial Assumptions: Implied Life Expectancy (years):

	2020	2019
- Current pensioners at 65 - male	23.1	22.8
- Current pensioners at 65 - female	25.4	24.9
- Future pensioners at 65 - male	24.5	24.4
- Future pensioners at 65 - female	26.8	26.7

Defined contribution scheme

The total pension cost charged for the year in these financial statements amounted to £76,000 (2019: £55,000). The unpaid contributions outstanding at the end of the year end was £nil (2019: £nil).

20. RELATED PARTY DISCLOSURES

The ultimate controlling parties identified by the Company are various trusts, which are ultimately held for the benefit of the families of late Mortimer D. Sackler, M.D. and Raymond R. Sackler, M.D. There were no transactions with these trusts during the year (2019: £nil).

The annual value of transactions and the amounts outstanding at the year end with companies related to the ultimate controlling parties in respect of transactions with those companies during the year are as follows:

	Transaction value 2020 £'000	Amounts outstanding 2020 £'000	Transaction value 2019 £'000	Amounts outstanding 2019 £'000
Service charges receivable	32,612	2,944	36,595	7,621
Sundry charges receivable	1,455	444	1,123	207
Service charges payable	(1,453)	(779)	(1,532)	(544)
Sundry charges payable	(8,248)	(1,297)	3,495	(217)
Interest payable	(156)	(156)	(192)	(192)
Loans	(243)	(8,868)	81	(8,625)
Rent payable	(640)	(480)	(561)	(273)
Sale of Fixed assets	3,442	451	-	-

Mundipharma IT Services LimitedNotes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2020**20. RELATED PARTY DISCLOSURES – continued**

Mr S J Jamieson, a director of the Company, is also a director of Management Revisions Limited. During the year the Company supplied IT related services to the company totalling £100,000 (2019: £97,000) of which £117,000 (2019: £55,000) was outstanding at 31 December 2020. Management Revisions Limited rendered fees for accountancy services of £55,000 (2019: £50,000) to the Company of which £nil (2019: £nil) was outstanding at 31 December 2020.

Key management personnel disclosure

Certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the group are considered to be key management personnel. Total remuneration in respect to these individuals is £681,000 (2019: £1,049,000).

21. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2020 £'000	2019 £'000
Profit before taxation	699	681
Depreciation charges	3,253	2,421
Loss on disposal of fixed assets	-	871
Contribution to pension scheme	(138)	(138)
Finance costs	156	192
Finance income	(42)	(12)
	3,928	4,015
Decrease in trade and other debtors	3,794	336
Increase in trade and other creditors	347	3,866
Cash generated from operations	8,069	8,217

22. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 31 December 2020

	31.12.20 £'000	1.1.20 £'000
Cash and cash equivalents	4,453	3,029

Year ended 31 December 2019

	31.12.19 £'000	1.1.19 £'000
Cash and cash equivalents	3,029	4,291

23. POST BALANCE SHEET EVENT

Subsequent to the year end the Company entered into a loan facility agreement with a related party amounting to £33,947,000, of which £12,860,000 has been drawn down against as of the date of signing these financial statements. The facility is available until 31 December 2023, with interest charged at the higher of the UK BOE base rate or the US Federal Reserve Rate plus 1.5%, payable annually on 31 December.