Company Registration No. 07735749 (England and Wales)

INCEPTUA LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

Jeffcotes LLP
Chartered Certified Accountants & Statutory Auditor
48 Warwick Street
London
W1B 5AW

INCEPTUA LIMITED

COMPANY INFORMATION

Directors	Mr A H Raffensperger	
	Mr G J Scarle	
	Mr J T J Broadis	(Appointed 10 February 2021)
Secretary	Praxis Secretaries (UK) Limited	
Company number	07735749	
Registered office	Vista 2 William Street Windsor Berkshire SL4 1BA	
Auditor	Jeffcotes LLP 48 Warwick Street London W1B 5AW	

INCEPTUA LIMITED

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present the strategic report for the year ended 31 December 2020.

Fair review of the business
The performance for the financial year 2020 has been consistent with the budget and a number of successful projects executed. The reported income including inter-company revenue was £8.18 million (previous year £6.47 million). The pre-tax loss stands at £212,401 (previous year pre-tax profit was £1,192,628)

Throughout 2020 the company remained active on the market of comparator sourcing (CTS). Additionally, the company continued developing two additional business units – Early Access (EA) since 2017 and Inceptua Pharma (IP) since 2018. The new business units aim at exploring the market possibilities regarding the entire spectrum of the medicines life-cycle. EA will develop Inceptua's capabilities in supplying unlicensed medicines, while IP will offer commercialization services.

The company is in good shape and maintains its competitive advantage on the market.

Principal risks and uncertainties
The management believes that there the following risks are still relevant and can influence the business:

The CTS and EA business units are both highly competitive in winning business versus other service providers. The company believes that they are well positioned versus competitors in terms of the quality of service, value and price charged, but nonetheless the risk remains of the loss of both existing and future business.

Exposure to price, credit, liquidity and cash flow risk
The potential exposure for price and liquidity variances is mitigated by the overseeing holding company. Inceptua SA, the shareholder of the company, under the provisions of the cost allocation agreement, is obligated to cover the shared service expenses and function related expenses of the company.

Development and performance
We are confident that the evolution of the company will continue to be favorable in the future. We are continuing to develop both new and existing customer relationships in CTS as well as building on the successful establishment of our EA business with new programmes. In addition, we are preparing to launch our pharma product named Apealea. The aforementioned product is expected to contribute to revenues in 2022.

Other information and explanations
Since the beginning of 2020, Europe has been facing a global pandemic due to the novel coronavirus (COVID-19). The COVID pandemic continues to create challenges for businesses globally. To date there has been no net negative impact of COVID on the Inceptua business, but there remains the risk that a substantial worsening in COVID-related infections and hospitalization could negatively impact clinical trial initiation and the prescribing of products, both licensed and unlicensed, and in turn this could negatively impact all of the business units of the company.

The robust nature of the company's business has meant we have suffered little to no negative impact from the Pandemic so far, and therefore no consequences in connection with this health crisis have been taken into account in the annual financial statements as of December 31st, 2020.

As of July 2021, the company has confirmed orders amounting to 80% of the full year-budget and so puts us currently ahead of budget. Potential negative impacts could be caused by delayed clinical trials, shut-downs of supply side and manufacturing, but this has not been observed at that time. No other significant events occurred in Inceptua Limited between the balance sheet closing date and the date of the approval of the annual accounts.

On behalf of the board

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Mr G J Scarle
Director

Date: 20 December 2021

INCEPTUA LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and financial statements for the year ended 31 December 2020.

Principal activities
The principal activity of the company is the supply of pharmaceuticals for clinical trial purposes.

Results and dividends
The results for the year are set out on page 8.

No dividends were paid. The directors do not recommend payment of a final dividend.

Directors
The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr M E Corbett	(Resigned 19 January 2021)
Mr K M Brosz	(Resigned 9 February 2021)
Mr A H Raffensperger	
Mr G J Scarle	
Mr J T J Broadis	(Appointed 10 February 2021)

Supplier payment policy

The company's current policy concerning the payment of trade creditors is to:
- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade creditors of the company at the year end were equivalent to 60 day's purchases, based on the average daily amount invoiced by suppliers during the year.

Auditor
In accordance with the company's articles, a resolution proposing that Jeffcotes LLP be reappointed as auditor of the company will be put at a General Meeting.

Statement of disclosure to auditor
So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board

....
Mr G J Scarle
Director

Date: 20 December 2021

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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). 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 UK Accounting Standards 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. 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.

INCEPTUA LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF INCEPTUA LIMITED

Opinion

We have audited the financial statements of Inceptua Limited (the 'company') for the year ended 31 December 2020 which comprise the income statement, the statement of financial position, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its loss 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 company 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.

Emphasis of matter relating to going concern

Without qualifying our opinion we draw your attention to note 1.2 to the financial statements which indicates the company's ability to continue as a going concern, notwithstanding that the company has incurred a loss of £212,401 during the year ended 31 December 2020 and as at the end of the year total liabilities exceeded total assets by £2,312,625.

As detailed in note 1.2 to the financial statements the company's ability to continue as a going concern is dependent upon the continuing support of the parent company. The financial statements do not include any adjustments if the going concern basis is no longer appropriate.

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 our 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 this other information, we are required to report that fact.

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 our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters where 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 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, 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 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.

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.

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.

- Enquiries were made of management relating to the key laws and regulations considered as being of significance to the reporting entity.

- Enquiry of management, those charged with governance and the entity's solicitors (or in-house legal team) around actual and potential litigation and claims.

- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness, and evaluating the business rationale of significant transactions outside the normal course of business. Also reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

- We obtained an understanding of the entity's policies and procedures on compliance affecting the pharmaceutical business including documentation of any instances of non-compliance.

- We made enquiries to obtain an understanding of the entity's policies and procedures on fraud risks, including knowledge of any actual, suspected or alleged fraud.

- We undertook a review of a range of transactions and reviewed underlying documentation associated with these being mindful of discrepancies and potential errors, and made necessary enquiries of informed management in relation to the same.

- We made enquiries of management in relation to the challenges presented by Covid-19, its potential impact on the business in light of travel restrictions, having to operate remote working arrangements impact on demand.

-We made enquiries of management in relation to the compliance and administrative burden required to operate in a post Brexit environment and challenges presented thereon.

A further description of our responsibilities is available 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.

Stephen Terence Costar FCCA (Senior Statutory Auditor)
For and on behalf of Jeffcotes LLP

Date: 21/12/2021

Chartered Certified Accountants
Statutory Auditor

48 Warwick Street
London
W1B 5AW

INCEPTUA LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Revenue	3	6,914,696	3,033,390
Cost of sales		(5,308,494)	(2,380,771)
Gross profit		1,606,202	652,619
Administrative expenses	3	(3,050,227)	(2,842,139)
Other operating income		1,266,450	3,436,288
Operating (loss)/profit	5	(177,575)	1,246,768
Investment income	8	7,563	19,978
Finance costs	9	(42,389)	(74,118)
(Loss)/profit before taxation		(212,401)	1,192,628
Tax on (loss)/profit		-	-
(Loss)/profit and total comprehensive income for the financial year	19	(212,401)	1,192,628

The income statement has been prepared on the basis that all operations are continuing operations.

INCEPTUA LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

		2020		2019	
	Notes	£	£	£	£
Non-current assets					
Property, plant and equipment	10		263,156		410,236
Current assets					
Inventories	11	111,297		25,174	
Trade and other receivables	12	7,879,434		6,579,088	
Cash and cash equivalents		368,048		97,037	
		8,358,779		6,701,299	
Current liabilities					
Borrowings	14	1,069		37,676	
Trade and other payables	15	10,668,179		8,858,722	
Taxation and social security		98,900		63,231	
Lease liabilities	16	166,412		252,130	
		10,934,560		9,211,759	
Net current liabilities			(2,575,781)		(2,510,460)
Net liabilities			(2,312,625)		(2,100,224)
Equity					
Called up share capital	18		100,000		100,000
Retained earnings	19		(2,412,625)		(2,200,224)
Total equity			(2,312,625)		(2,100,224)

The financial statements were approved by the board of directors and authorised for issue on 20 December 2021 and are signed on its behalf by:

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Mr G J Scarle

Director

Company Registration No. 07735749

INCEPTUA LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital £	Retained earnings £	Total £
Balance at 1 January 2019	100,000	(3,381,269)	(3,281,269)
Year ended 31 December 2019:			
Profit and total comprehensive income for the year	-	1,192,628	1,192,628
Other movements	-	(11,583)	(11,583)
Balance at 31 December 2019	100,000	(2,200,224)	(2,100,224)
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(212,401)	(212,401)
Balance at 31 December 2020	100,000	(2,412,625)	(2,312,625)

1 Accounting policies

Company information

Inceptua Limited is a private company limited by shares incorporated in England and Wales. The registered office is Vista, 2 William Street, Windsor, Berkshire, SL4 1BA. The company's principal activities and nature of its operations are disclosed in the directors' report.

1.1 Accounting convention

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, except for the revaluation of . The principal accounting policies adopted are set out below.

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment;
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64 (o)(ii), B64(p), B64(q)(ii), B66 and B67of IFRS 3 Business Combinations. Equivalent disclosures are included in the consolidated financial statements of Multipharma SA, Luxembourg in which the entity is consolidated;
- the requirements of paragraph 33 (c) of IFRS 5 Non current Assets Held for Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of: (i) paragraph 79(a) (iv) of IAS 1, (ii) paragraph 73(e) of IAS 16 Property Plant and Equipment (iii) paragraph 118 (e) of IAS 38 Intangibles Assets, (iv) paragraphs 76 and 79(d) of IAS 40 Investment Property and (v) paragraph 50 of IAS 41 Agriculture;
- the requirements of paragraphs 10(d), 10(f), 16, 38A to 38D, 39 to 40 ,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 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 ; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to share based payments, financial instruments, capital management, presentation of a cash flow statement, presentation of comparative information in respect of certain assets, standards not yet effective, impairment of assets, business combinations, discontinued operations and related party transactions.

Where required, equivalent disclosures are given in the group accounts of Inceptua SA, Luxembourg. The group accounts of Inceptua SA, Luxembourg are available to the public and can be obtained as set out in note 22.

1 Accounting policies **(Continued)**

1.2 Going concern

These financial statements are prepared on the going concern basis. The directors have a reasonable expectation that the company will continue in operational existence for the foreseeable future. However, the directors are not aware of any material uncertainties which may cause doubt on the company's ability to continue as a going concern.

The company reported a net loss during the year of £212,401 and as at the year end date total liabilities exceeded total assets by £2,312,625.

At the time of approving the financial statements, the directors have reviewed the company order book together with up to date management information and in doing so the directors continue to adopt the going concern basis of accounting in preparing the financial statements. This statement is also based on the assurances received from the parent company that the company will receive financial support to the fullest extent including covering any losses and potential asset impairments to maintain its trading activities.

1.3 Revenue

Application of new and revised International Financial Reporting Standards (IFRS's)

IFRS 15 " Revenue from Contracts with Customers"

The Directors have carefully considered the above in relation to the company's various income streams based on the 5-Step approach to revenue recognition as set out in IFRS 15. Having considered the prescriptive guidance in IFRS 15 to deal with specific scenarios , the assessment reached is that the application of the standard has not had a significant or material impact on the financial position and /or financial performance of the company. Therefore the basis for the company's revenue as set out in the paragraphs below remain unchanged.

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue 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.

Revenue from contracts for the provision of support services is recognised by reference to agreements in place based on pre agreed terms and specific transfer pricing arrangements.

1.4 Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% straight line
Right of use assets	20% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1 Accounting policies **(Continued)**

1.5 Impairment of tangible and intangible assets

At each reporting end date, the company reviews the carrying amounts of its tangible 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 in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell 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 years. 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.

1.6 Inventories

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell after adjusting for obsolescence and slow moving items.

1.7 Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The company is exempt under FRS 101 from the disclosure requirements of IFRS 13. There was no impact on the company from the adoption of IFRS 13.

1.8 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument. Financial assets are classified into specified categories, depending on the nature and purpose of the financial assets.

At initial recognition, financial assets classified as fair value through profit and loss are measured at fair value and any transaction costs are recognised in profit or loss. Financial assets not classified as fair value through profit and loss are initially measured at fair value plus transaction costs.

1 Accounting policies **(Continued)**

Financial assets held at amortised cost
Trade Receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets
Financial assets, other than those measured at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets
Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

1.10 Financial liabilities
Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities
Other financial liabilities, including borrowings, trade payables and other short-term monetary liabilities, are initially measured at fair value net of transaction costs directly attributable to the issuance of the financial liability. They are subsequently measured at amortised cost using the effective interest method. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Derecognition of financial liabilities
Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

1.11 Equity instruments
Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1 Accounting policies **(Continued)**

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of inventories or non-current assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

At inception, the company assesses whether a contract is, or contains, a lease within the scope of IFRS 16. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a tangible asset is acquired through a lease, the company recognises a right-of-use asset and a lease liability at the lease commencement date. Right-of-use assets are included within property, plant and equipment, apart from those that meet the definition of investment property.

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

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

The lease liability is initially measured at the present value of the lease payments that are unpaid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise fixed payments, variable lease payments that depend on an index or a rate, amounts expected to be payable under a residual value guarantee, and the cost of any options that the company is reasonably certain to exercise, such as the exercise price under a purchase option, lease payments in an optional renewal period, or penalties for early termination of a lease.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in: future lease payments arising from a change in an index or rate; the company's estimate of the amount expected to be payable under a residual value guarantee; or the company's assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases of machinery that have a lease term of 12 months or less, or for leases of low-value assets including IT equipment. The payments associated with these leases are recognised in profit or loss on a straight-line basis over the lease term.

1 Accounting policies **(Continued)**

1.15 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Adoption of new and revised standards and changes in accounting policies

In the current year, the following new and revised Standards and Interpretations have been adopted by the company and have an effect on the current period or a prior period or may have an effect on future periods:

3 Revenue

A split of turnover by geographical markets has been omitted as the Board of Directors are of the opinion that this information would be prejudicial to the company's interests.

	2020	2019
	£	£
Revenue analysed by class of business		
Sales - Inter Company	2,621,953	1,371,615
Sales Pharmaceuticals	4,288,743	1,565,858
Sales Other	4,000	95,917
	6,914,696	3,033,390

The disaggregation of turnover by geographical markets has been omitted by the Board of Directors as they are of the opinion that this information would be prejudicial to the company's interests.

4 Other income and inter-company support services

Other Income

During the year a detailed review was undertaken of inter-company accounts across the Inceptua Group as part of a consolidation exercise. This review isolated a number of balances which upon investigation were previously treated as closed trades between group entities. As consequence a net adjustment for £312,625 has been recognised in the current year to ensure that group balances being carried forward are now correctly stated.

Inter-company Support Services

Included in administrative expenses is a net adjustment of £164,412 (2019 - £188,087) which recognises shared inter-company costs within the group based on formally agreed transfer pricing arrangements.

5 Operating (loss)/profit

	2020	2019
	£	£
Operating (loss)/profit for the year is stated after charging/(crediting):		
Exchange losses	10,878	41,826
Fees payable to the company's auditor for the audit of the company's financial statements	11,950	8,000
Depreciation of property, plant and equipment	147,081	147,551
Cost of inventories recognised as an expense	5,283,320	2,380,771
Write downs of inventories recognised as an expense	25,174	-

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020	2019
	Number	Number
Employee (incuding directors)	16	16

Their aggregate remuneration comprised:

	2020	2019
	£	£
Wages and salaries	1,635,958	1,626,463
Social security costs	197,393	201,901
Pension costs	68,287	79,158
	1,901,638	1,907,522

7 Directors' remuneration

	2020	2019
	£	£
Remuneration for qualifying services	321,300	472,130
Company pension contributions to defined contribution schemes	6,630	15,119
	327,930	487,249

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2020	2019
Remuneration for qualifying services	180,000	340,066

8 Investment income

	2020	2019
	£	£
Interest income		
Interest on bank deposits	7,563	39,956
Other interest income	-	(19,978)
Total income	7,563	19,978

9 Finance costs

	2020	2019
	£	£
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	38,019	67,969
Interest on other financial liabilities:		
Interest on lease liabilities	4,370	6,149
Total interest expense	42,389	74,118

10 Property, plant and equipment

	Fixtures, fittings & equipment	Right of use assets	Total
	£	£	£
Cost			
At 31 December 2019	303,433	328,855	632,287
At 31 December 2020	303,433	328,855	632,288
Accumulated depreciation and impairment			
At 31 December 2019	134,356	87,695	222,051
Charge for the year	59,386	87,695	147,081
At 31 December 2020	193,742	175,390	369,132
Carrying amount			
At 31 December 2020	109,691	153,465	263,156
At 31 December 2019	169,077	241,160	410,236

The Right Of Use asset represents the present value of the lease payments for premises occupied by the company payable over a long-lease term, discounted at the incremental borrowing rate of the company in compliance with IFRS 16 " Leases".

11 Inventories

	2020	2019
	£	£
Finished goods	111,297	25,174

12 Trade and other receivables

	2020	2019
	£	£
Trade receivables	1,122,654	250,053
Other receivables	6,685,623	6,233,994
Prepayments & accrued income	71,157	95,041
	7,879,434	6,579,088

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost.

Included in prepayments and accrued income is an amount of £nil (2019 - £42,920) owed by fellow group undertakings.

13 Liabilities

		2020	2019
	Notes	£	£
Borrowings	14	1,069	37,676
Trade and other payables	15	10,668,179	8,858,722
Taxation and social security		98,900	63,231
Lease liabilities	16	166,412	252,130
		10,934,560	9,211,759

14 Borrowings

	2020	2019
	£	£
Borrowings held at amortised cost:		
Bank overdrafts	1,069	37,676

15 Trade and other payables

	2020	2019
	£	£
Trade payables	8,233,859	6,828,509
Amount due group undertakings	1,489,295	974,028
Amounts owed to fellow group undertakings	663,782	663,782
Accruals	85,499	273,346
Other payables	195,744	119,057
	10,668,179	8,858,722

Included in amounts due to group undertakings is a loan from the parent company which bears interest of 5% pa.

16 Lease liabilities

	2020	2019
Maturity analysis	£	£
Within one year	75,210	162,043
In two to five years	91,202	90,087
Total undiscounted liabilities	166,412	252,130

Lease liabilities are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2020	2019
	£	£
Current liabilities	166,412	252,130

	2020	2019
Amounts recognised in profit or loss include the following:	£	£
Interest on lease liabilities	4,370	6,149

17 Retirement benefit schemes

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The total costs charged to income in respect of defined contribution plans is £68,287 (2019 - £79,158).

18 Share capital

	2020	2019	2020	2019
Ordinary share capital	**Number**	**Number**	**£**	**£**
Issued and fully paid				
Ordinary of £1 each	100,000	100,000	100,000	100,000

19 Retained earnings

	2020	2019
	£	**£**
At the beginning of the year	(2,200,224)	(3,381,269)
(Loss)/profit for the year	(212,401)	1,192,628
Other	-	(11,583)
At the end of the year	(2,412,625)	(2,200,224)

20 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel, including directors, is set out below in aggregate for each of the categories specified in IAS 24 *Related Party Disclosures.*

	2020	2019
	£	**£**
Short-term employee benefits	369,855	550,034

Other transactions with related parties

Inceptua S.A owns 100% of the shares in Inceptua Limited.

During the year the following transactions took place : -

Inceptua Limited made inter-company sales amounting to £2,621,953 (2019: £1,376,181) to Inceptua S.A.

Purchases on behalf of group companies of £488,965 (2019 - £951,492) were made in the year.
Included in creditors is a balance owed to Inceptua S.A. of £145,460 (2019 - £663,782) which bears interest of 5%.

Under formal transfer pricing arrangements income in respect of group support services total £953,825 (2019 - £3,436,288) and net charges in respect of group support services total £164,412 (2019 – (188,087)).

Other amounts owed by and owed to fellow group undertakings have been included as shown in notes 12 and 13 to the financial statements.

21 Events after the reporting date

Brexit

The UK officially left the EU on 31 January 2020. The transition period that was in place – during which nothing changed – ended on 31 December 2020. The rules governing the new relationship between the EU and UK took effect on 1 January 2021.

The directors and senior management have considered various potential impacts on the business and its operations in the period after the year end and adjudged these are minimal. Again Brexit did not provide evidence of conditions that existed at the balance sheet date and as such the director has assessed that it is a non-adjusting event. Once it becomes clearer as to what the actual costs will be for the company to bear , the directors and local management will assess the business impact and take any action required from this assessment.

Brexit is considered a non-adjusting event, therefore management have not made any amendments in these financial statements for the year ended 31st December 2020.

Statutory Information

Both Mr Mark Corbett and Mr Krzysztof Brosz resigned as directors on 19 January 2021 and 9 February 2021 respectively. Mr Jeremy Broadis was appointed as director on 10 February 2021.

22 Controlling party

The ultimate controlling party is Inceptua SA, Luxembourg. At the balance sheet date, the parent undertaking of the largest group for which group accounts including Inceptua Limited are drawn up is Inceptua S.A., a company registered in Luxembourg. Copies of the consolidated financial statements are available from the registered office:

2, place de Paris
L-2314 Luxembourg
RCS Luxembourg B56.943