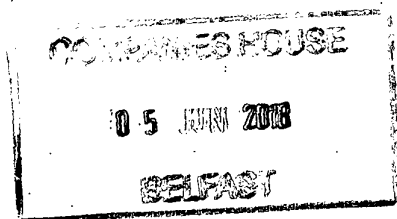


Registered number: NI 045055

**Almac Pharma Services Limited**  
**Annual report and financial statements**  
**for the year ended 30 September 2017**



# **Almac Pharma Services Limited**

## **Annual report and financial statements for the year ended 30 September 2017**

### **Contents**

	<b>Pages</b>
Directors and advisers	1
Strategic report	2
Directors' report	3 - 4
Statement of directors' responsibilities in respect of the financial statements	5
Independent auditors' report to the members of Almac Pharma Services Limited	6 - 7
Income statement	8
Statement of changes in equity	9
Balance sheet	10
Cash flow statement	11
Notes to the financial statements	12 - 32

# **Almac Pharma Services Limited**

1

## **Directors and advisers**

### **Directors**

A D Armstrong  
G McBurney  
C Hayburn  
S Campbell  
K Stephens

### **Company secretary**

C Hayburn

### **Registered office**

Almac House  
20 Seagoe Industrial Estate  
Craigavon  
BT63 5QD

### **Solicitors**

Pinsent Masons LLP  
Arnott House  
12-16 Bridge Street  
Belfast  
BT1 1LS

### **Bankers**

Danske Bank  
11 Donegall Square West  
Belfast  
BT1 6JS

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Waterfront Plaza  
8 Laganbank Road  
Belfast  
BT1 3LR

**Strategic report for the year ended 30 September 2017**

The directors present their strategic report on the company for the year ended 30 September 2017.

**Principal activities**

Almac Pharma Services Limited is a private limited company incorporated and domiciled in Northern Ireland. The registered address is detailed on page 1. The company continued to provide formulation and commercial-scale manufacturing and packaging services to the international pharmaceutical, healthcare and biotechnology sectors.

**Review of business and future developments**

The business has progressed satisfactorily during the year and the directors are continually investigating techniques to ensure increased efficiency of operations.

**Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks including the competitive market conditions. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the annual report of the parent undertaking, Almac Group Limited, of which Almac Pharma Services Limited is a wholly owned subsidiary.

**Key performance indicators**

The directors manage the company's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business of the company. Commentary on the group's performance is provided on page 3 in the annual report of the parent undertaking, Almac Group Limited. Copies of the group financial statements are available from Companies Registry.

**Environment**

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

**Health and safety**

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

**Human resources**

People are the company's most important resource. Retention of key staff is critical and the company has invested in employment training and development.

**Performance and position**

The profit after income tax for the financial year is £4,207,021 (2016: £7,381,616) and its net assets are £35,823,710 (2016: £31,616,689).

**Going concern**

The directors have prepared cash flow forecasts for a period of at least twelve months from the date of signing of this report and confirm that adequate funding has been committed by Almac Group Limited, the company's ultimate parent, to support the company's operations and planned growth over this period. The directors have received confirmation that Almac Group Limited intend to support the company for at least one year after these financial statements are signed. Consequently, the directors have prepared these financial statements on a going concern basis.

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



K Stephens  
Director

19 December 2017

**Directors' report for the year ended 30 September 2017**

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2017.

**Future developments**

The section on future developments, which is detailed in the strategic report, is included in this report by cross reference.

**Financial risk management**

The company operates within the competitive conditions of its market place. Regarding credit risk, it is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into. Further commentary is provided in note 3.

**Dividends**

The directors do not recommend payment of a dividend (2016: £nil).

**Research and development activities**

The company is committed to research and development in the area of product formulation. Research carried out in the year was expensed as incurred. No development expenditure was incurred in the year (2016: £nil).

**Directors**

The directors who served during the year and up to the date of approval of the financial statements are shown on page 1.

**Employees**

The company systematically provides employees with all information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in objectives.

The company is committed to employment policies, which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair considerations to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position with appropriate retraining being given if necessary.

**Statement of disclosure of information to auditors**

So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**Directors' report for the year ended 30 September 2017 (continued)**

**Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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

A handwritten signature in black ink, appearing to read 'K Stephens', is written over the printed name.

K Stephens  
Director  
19 December 2017

**Statement of directors' responsibilities in respect of the financial statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

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

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

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



K Stephens  
**Director**

19 December 2017

**Independent auditors' report to the members of Almac Pharma Services Limited****Report on the audit of the financial statements****Opinion**

In our opinion, Almac Pharma Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements as 30 September 2017, included within the Annual Report and financial statements (the "Annual Report"), which comprise: the balance sheet; the income statement, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

**Basis for opinion**

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

**Independence**

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

**Conclusions relating to going concern**

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

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

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

**Reporting on other information**

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

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

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

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



## Independent auditors' report to the members of Almac Pharma Services Limited (continued)

### Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

### Responsibilities for the financial statements and the audit

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

As explained more fully in the Statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

#### Use of this report

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

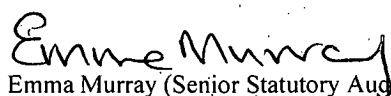
### Other required reporting

#### Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Emma Murray (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Belfast  
19 December 2017

**Income statement for the year ended 30 September 2017**

	Note	2017 £	2016 £
<b>Continuing operations</b>			
Revenue	2	69,660,684	64,406,365
Cost of sales	5	(48,280,529)	(42,854,285)
Gross profit		21,380,155	21,552,080
Distribution costs	5	(3,490,955)	(2,962,969)
Administrative expenses	5	(12,799,419)	(9,959,918)
Other income		207,912	207,912
<b>Operating profit</b>		<b>5,297,693</b>	<b>8,837,105</b>
Operating profit is analysed as:			
Operating profit before depreciation and amortisation ("EBITDA")		7,966,426	11,564,143
Depreciation of property, plant and equipment		(2,560,927)	(2,623,971)
Amortisation of intangible assets		(107,806)	(103,067)
Finance income	6	8,316	6,805
Finance costs	6	(239,978)	(191,879)
Finance costs – net	6	(231,662)	(185,074)
<b>Profit before income tax</b>		<b>5,066,031</b>	<b>8,652,031</b>
Income tax charge	8	(859,010)	(1,270,415)
<b>Profit for the year attributable to owners of the company</b>		<b>4,207,021</b>	<b>7,381,616</b>

The notes on pages 12 to 32 are an integral part of these financial statements.

There is no other comprehensive income for the year (2016: £nil).

**Statement of changes in equity for the year ended 30 September 2017**

	Share capital £	Retained earnings £	Total equity £
At 1 October 2015	20,355,000	3,880,073	24,235,073
Profit for the year and total comprehensive income	-	7,381,616	7,381,616
At 1 October 2016	20,355,000	11,261,689	31,616,689
Profit for the year and total comprehensive income	-	4,207,021	4,207,021
<b>At 30 September 2017</b>	<b>20,355,000</b>	<b>15,468,710</b>	<b>35,823,710</b>

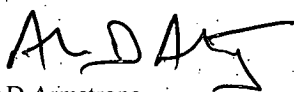
The notes on pages 12 to 32 are an integral part of these financial statements.

## Balance sheet as at 30 September 2017

	Note	2017 £	2016 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	275,814	319,170
Property, plant and equipment	10	40,950,053	33,797,324
<b>Total non-current assets</b>		<b>41,225,867</b>	<b>34,116,494</b>
<b>Current assets</b>			
Inventories	11	11,345,598	9,665,305
Trade and other receivables	12	17,999,639	16,532,296
Current income tax recoverable		500,239	98,149
Cash and cash equivalents	13	7,902	111,518
<b>Total current assets</b>		<b>29,853,378</b>	<b>26,407,268</b>
<b>Total assets</b>		<b>71,079,245</b>	<b>60,523,762</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	14	15,312,944	10,287,980
Trade and other payables	15	9,262,447	8,467,251
<b>Total current liabilities</b>		<b>24,575,391</b>	<b>18,755,231</b>
<b>Non-current liabilities</b>			
Borrowings	14	271,954	567,220
Other non-current liabilities	16	655,183	517,113
Deferred income tax liabilities	17	3,361,668	2,554,608
Deferred income	18	6,391,339	6,512,901
<b>Total non-current liabilities</b>		<b>10,680,144</b>	<b>10,151,842</b>
<b>Total liabilities</b>		<b>35,255,535</b>	<b>28,907,073</b>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the company</b>			
Share capital	19	20,355,000	20,355,000
Retained earnings		15,468,710	11,261,689
<b>Total equity</b>		<b>35,823,710</b>	<b>31,616,689</b>
<b>Total equity and liabilities</b>		<b>71,079,245</b>	<b>60,523,762</b>

The notes on pages 12 to 32 are an integral part of these financial statements.

The financial statements on pages 8 to 32 were authorised for issue by the Board of directors on 19 December 2017 and were signed on their behalf by:

  
AD Armstrong  
Director

  
S Campbell  
Director

**Cash flow statement for the year ended 30 September 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	5,038,507	6,246,031
Finance costs		(239,978)	(191,879)
Taxation paid		-	(26,964)
Net cash generated from operating activities		4,798,529	6,027,188
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(64,450)	(162,617)
Purchase of property, plant and equipment		(8,913,656)	(5,614,631)
Capital grants received		546,913	572,377
Finance (costs)/income		8,316	6,805
Net cash used in investing activities		(8,422,877)	(5,198,066)
<b>Cash flows from financing activities</b>			
Advances from/(repayments to) group undertakings – net		3,570,425	(1,809,274)
Proceeds from borrowings		-	800,000
Repayment of other loans		(262,730)	(43,338)
Repayment of finance lease obligations		(28,120)	(21,223)
Net cash generated from/(used in) financing activities		3,279,575	(1,073,835)
<b>Net increase in cash and cash equivalents</b>		<b>(344,773)</b>	<b>(244,713)</b>
Cash and cash equivalents and overdrafts at beginning of the year		(840,782)	(596,069)
<b>Cash and cash equivalents and overdrafts at end of the year</b>	13	<b>(1,185,555)</b>	<b>(840,782)</b>

The notes on pages 12 to 32 are an integral part of these financial statements.

**Notes to the financial statements for the year ended 30 September 2017****1 Accounting policies****General information**

The company's principal activities during the year were as described in the Strategic report. The financial statements are presented in UK pound sterling. Almac Pharma Services Limited is a private limited company incorporated and domiciled in Northern Ireland, United Kingdom. The registered address is detailed on page 1.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**Basis of preparation**

The financial statements of Almac Pharma Services Limited have been prepared on the going concern basis and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 applicable to companies reporting under IFRS, and IFRS Interpretations Committee (IFRS IC). The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Management has concluded that there are no critical assumptions, estimates or judgements involving a high degree of judgment or complexity which require further disclosure. The company's accounting policies and estimates are detailed below.

**Going concern**

The directors have prepared cash flow forecasts for a period of at least twelve months from the date of signing of this report and confirm that adequate funding has been committed by Almac Group Limited, the company's ultimate parent, to support the company's operations and planned growth over this period. The directors have received confirmation that Almac Group Limited intend to support the company for at least one year after these financial statements are signed. Consequently, the directors have prepared these financial statements on a going concern basis.

**New standards, amendments and interpretations effective in the year to 30 September 2017**

The accounting policies set out below are those that the company has adopted under International Financial Reporting Standards as adopted by the European Union for the year ended 30 September 2017.

No standards have been adopted by the company for the first time during the financial year beginning on or after 1 October 2016 that have had a material impact on the company.

**Standards, amendments and interpretations that are not yet effective and have not been adopted early by the company**

The following new standards, new interpretations, and amendments to standards and interpretations that are not yet effective and have not been adopted early by the company:

Amendment to IAS 1 (Presentation of financial statements) on disclosure initiative (1 January 2016)

Amendment to IAS 7 (Statement of cash flows) on disclosure initiative (1 January 2017)

Amendment to IAS 16 (Property, plant and equipment) and IAS 41 (Biological assets) regarding bearer plants (1 January 2016)

Amendment to IAS 16 (Property, plant and equipment) and IAS 38 (Intangible assets) on clarification of acceptable methods of depreciation and amortisation (1 January 2016)

Amendment to IAS 27 (Separate financial statements) (1 January 2016)

Amendment to IFRS 10 (Consolidated financial statements) and IAS 28 (Investments in associates) on sale or contribution of assets (to be determined)

Amendment to IAS 12 on recognition of deferred tax assets for unrealised losses (1 January 2017)

IFRS 9 (Financial instruments) and amendment to IFRS 9 (Financial instruments) on general hedge accounting (1 January 2018)

Amendment to IFRS 4 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments' (1 January 2018)

Amendment to IFRS 10 (Consolidated financial statements) and IAS 28 (Investments in associates) on investment entities applying the consolidation exemption (1 January 2016)

IFRS 14 (Regulatory deferral accounts) (1 January 2016)

**Notes to the financial statements for the year ended 30 September 2017****1 Accounting policies (continued)****Standards, amendments and interpretations that are not yet effective and have not been adopted early by the company (continued)**

IFRS 15 (Revenue from customers with contracts) (1 January 2018)

Amendment to IAS 15 (Revenue from customers with contracts) (1 January 2018)

IFRS 16 (Leases) (1 January 2019)

Amendment to IFRS 2 (Share-based payment) on clarifying share-based payment transactions (1 January 2018)

The introduction of these new standards, interpretations and amendments is not expected to have a material impact on the company.

**Intangible assets***Goodwill*

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

*Computer software*

The costs of acquiring and bringing computer software in to use are capitalised and amortised on a straight-line basis over the estimated useful economic life of the software which is between three to five years.

Capitalised software development costs include external direct costs of material and services together with direct labour costs relating to software development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

## Notes to the financial statements for the year ended 30 September 2017

**1 Accounting policies (continued)****Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

For all assets depreciation is calculated so as to write off the cost less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

	%
Buildings	- 2
Plant and machinery	- 10
Fixtures and fittings	- 10
Computer equipment	- 20

No depreciation is charged on land or the assets under construction. The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included within administrative expenses in the income statement.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses.

**Financial assets**

The company classifies all its financial assets as loans and receivables or cash and cash equivalents.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

**Impairment of financial assets**

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.



**Notes to the financial statements for the year ended 30 September 2017****1 Accounting policies (continued)****Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**Cash and cash equivalents**

In the cash flow statement cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**Trade and other payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

**Borrowings**

Borrowings are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

**Leased assets**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful economic life of the asset and the lease term.

**Current and deferred income tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

**Notes to the financial statements for the year ended 30 September 2017****1 Accounting policies (continued)****Current and deferred income tax (continued)**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

Amounts paid by, or amounts received by, the company in respect of group relief that represent the tax benefit surrendered/received are recorded as an income tax expense/credit in the statement of comprehensive income. Where the amounts paid by, or amounts received by, the company exceed the tax benefit surrendered/received, the excess is recorded directly in equity as a movement in other comprehensive income.

**Grants**

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected useful economic lives of the related assets.

**Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

**Research and development tax credits**

Under UK tax legislation introduced in the 2013 Finance Bill research & development credits can be claimed against qualifying research & development expenditure. Where these credits are not expected to be restricted by the PAYE/NIC cap included within the legislation then the credit is, in substance, a government grant. The company has elected to treat such credits as a government grant and recognise the credits in the same period as the research & development expenditure arises.

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown, net of sales taxes, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company considers this to be upon customer receipt of products, which is when title to the product is transferred to the customer or upon completion of services when results of testing have been delivered to the customer or logistics operations have been performed. The company uses the percentage-of-completion method in accounting for its fixed price contracts to deliver services. Use of the percentage-of-completion method requires the company to estimate the services performed to date as a proportion of the total services to be performed.

**Notes to the financial statements for the year ended 30 September 2017****1 Accounting policies (continued)****Foreign currency translation**

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in UK pound sterling, which is the company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

**Pension obligations**

The company operates a defined contribution plan for employees whereby the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Share-based payments**

The company issues cash-settled phantom share-based payments to certain employees of the company for their services to the company. The company accounts for these phantom share based payments as cash-settled phantom share-based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities.

The fair values of these payments are measured at each reporting date using professional external valuers, in line with the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

**2 Revenue**

Revenue is attributable to the company's principal activities carried out in the United Kingdom.

## Notes to the financial statements for the year ended 30 September 2017

## 3 Financial risk management

## Financial risk factors

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, interest rate risk, credit risk and liquidity risk. The company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring the foregoing risks.

- (a) Market risk
- (i) Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in UK pound sterling, the company is exposed to foreign exchange risk in the normal course of business. While the company has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

If the US dollar had weakened/strengthened by 10% against the UK pound sterling spot rate on 30 September with all other variables held constant, the financial statements would have been impacted as follows:

	2017		2016	
	Impact on post-tax profits £'000	Impact on equity £'000	Impact on post-tax profits £'000	Impact on equity £'000
US dollar weakens by 10% against UK pound	(89)	(89)	(67)	(67)
US dollar strengthens by 10% against UK pound	+109	+109	82	82

- (ii) Interest rate risk

The company's interest rate risk arises mainly from current borrowings and overdrafts. Borrowings at variable rates expose the company to cash flow interest rate risk. Company policy is to maintain a mix of interest free advances, loans from group companies and overdraft facilities. This approach limits the company's exposure to external interest rate fluctuations to a significantly lower level than could be achieved if its funding needs were met externally.

If average interest rates over the period had increased/decreased by 1% with all other variables held constant, the financial statements would have been impacted as follows:

	2017		2016	
	Impact on post-tax profits £'000	Impact on equity £'000	Impact on post-tax profits £'000	Impact on equity £'000
Interest rates increase by 1%	(16)	(16)	(92)	(92)
Interest rates decrease by 1%	+116	+116	92	92

- (b) Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The amount of exposure to individual customers is subject to limits, which are reassessed regularly. Credit risk also arises from cash and cash equivalents with banks and financial institutions.

- (c) Liquidity risk

The company projects cash flow requirements as part of its annual budget setting process. Cash requirements are monitored dynamically by the company's ultimate parent undertaking, with resources deployed to the company as required.

**Notes to the financial statements for the year ended 30 September 2017**
**4 Capital risk management**

The company is a subsidiary of Almac Group Limited, their objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. For further details, refer to the report and financial statements for Almac Group Limited.

**5 Expenses by nature**

	2017 £	2016 £
Changes in inventories of finished goods and work-in-progress	(234,051)	(325,682)
Raw materials and consumables used	22,995,003	20,768,993
Employee benefit expense (note 7)	22,478,600	18,841,743
Depreciation and amortisation	2,668,733	2,727,038
Transfer from capital grant reserve (note 18)	(668,475)	(712,014)
Operating lease payments – motor vehicles	444,844	439,695
Other expenses*	16,886,249	14,101,093
Impairments	-	(63,694)
<b>Total cost of sales, distribution costs and administrative expenses</b>	<b>64,570,903</b>	<b>55,777,172</b>

Other expenses of £16,886,249 (2016: £14,101,093) are stated after the deduction of £601,745 (2016: £517,058) of research and development tax credits.

**Services provided by the auditors and network firms**

During the year the company obtained the following services from the auditors at costs as detailed below.

	2017 £	2016 £
Fees payable to the company's auditors for the audit	12,050	11,811
Fees payable to the company's auditors for other services:		
- tax services	3,675	3,828
	<b>15,725</b>	<b>15,639</b>

**6 Finance costs - net**

	2017 £	2016 £
Interest expense:		
Interest payable to group undertakings	(223,310)	(184,207)
Interest payable on other loans	(11,290)	(2,332)
Interest payable on finance leases	(5,378)	(5,340)
<b>Finance cost</b>	<b>(239,978)</b>	<b>(191,879)</b>
Interest income:		
Interest receivable from group undertakings	8,316	6,805
<b>Finance income</b>	<b>8,316</b>	<b>6,805</b>
<b>Finance costs – net</b>	<b>(231,662)</b>	<b>(185,074)</b>

Notes to the financial statements for the year ended 30 September 2017

7 Employees and directors

	2017 £	2016 £
<b>Staff costs during the year</b>		
Wages and salaries	19,550,579	16,497,626
Social security costs	2,008,058	1,653,297
Other pension costs (note 21)	631,590	535,348
Share based payment costs (note 25)	288,373	155,472
	<b>22,478,600</b>	<b>18,841,743</b>

	2017 Number	2016 Number
<b>Average monthly number of persons employed (including directors) during the year by activity:</b>		
Administration	70	59
Operations	569	506
	<b>639</b>	<b>565</b>

	2017 £	2016 £
<b>Key management compensation</b>		
Salaries and short term employee benefits	315,652	311,848
Pension costs – defined contribution plans	23,174	21,890
	<b>338,826</b>	<b>333,738</b>

	2017 £	2016 £
<b>Directors</b>		
Aggregate emoluments	281,502	278,230
Pension costs – defined contribution plans	23,174	21,890
	<b>304,676</b>	<b>300,120</b>

One director (2016: one) has retirement benefits accruing under a defined contribution plan. One director (2016: one) has exercised phantom share options in the year.

	2017 £	2016 £
<b>Director – highest paid director</b>		
Aggregate emoluments	281,502	278,230
Pension costs – defined contribution plans	23,174	21,890
	<b>304,676</b>	<b>300,120</b>

The remuneration for the remaining directors is borne through another group company and will be disclosed in Almac Group Limited.

**Notes to the financial statements for the year ended 30 September 2017**

**8 Income tax charge**

	2017 £	2016 £
<b>Current tax</b>		
Current tax on profits for the year	83,909	1,180,481
Adjustment in respect of previous periods	(31,959)	(16,040)
<b>Total current tax</b>	<b>51,950</b>	<b>1,164,441</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	888,339	554,008
Changes in tax laws and rates	(113,835)	(450,813)
Adjustment in respect of previous periods	32,556	2,779
<b>Total deferred tax</b>	<b>807,060</b>	<b>105,974</b>
<b>Income tax charge</b>	<b>859,010</b>	<b>1,270,415</b>

The tax on the company's profit before tax differs from (2016: differs from) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	2017 £	2016 £
<b>Profit before income tax</b>	<b>5,066,031</b>	<b>8,652,031</b>
Profit before income tax at the UK standard rate of 19.5% (2016: 20%)	987,876	1,730,406
Effects of:		
Expenses not deductible for tax purposes	130,298	149,537
Changes in tax laws and rates	(113,835)	(450,813)
Capital grants not taxable	(145,926)	(145,454)
Adjustments in respect of previous periods	597	(13,261)
<b>Income tax charge</b>	<b>859,010</b>	<b>1,270,415</b>

**Notes to the financial statements for the year ended 30 September 2017**
**9. Intangible assets**

	Computer software £	Goodwill £	Total £
<b>Cost</b>			
At 1 October 2015	1,411,777	47,008	1,458,785
Additions	162,617	-	162,617
At 1 October 2016	1,574,394	47,008	1,621,402
Additions	64,450	-	64,450
<b>At 30 September 2017</b>	<b>1,638,844</b>	<b>47,008</b>	<b>1,685,852</b>
<b>Accumulated amortisation</b>			
At 1 October 2015	1,152,157	47,008	1,199,165
Charge for the year	103,067	-	103,067
At 1 October 2016	1,255,224	47,008	1,302,232
Charge for the year	107,806	-	107,806
<b>At 30 September 2017</b>	<b>1,363,030</b>	<b>47,008</b>	<b>1,410,038</b>
<b>Net book amount</b>			
<b>At 30 September 2017</b>	<b>275,814</b>	<b>-</b>	<b>275,814</b>
At 30 September 2016	319,170	-	319,170
At 30 September 2015	259,620	-	259,620

Amortisation is included within administrative expenses in the income statement.



## Notes to the financial statements for the year ended 30 September 2017

## 10 Property, plant and equipment

	Land and buildings £	Assets in the course of construction £	Plant and machinery £	Fixtures, fittings and computer equipment £	Total £
<b>Cost</b>					
At 1 October 2015	22,315,873	-	30,905,867	2,293,996	55,515,736
Additions	498,712	1,246,285	3,871,400	253,671	5,870,068
At 1 October 2016	22,814,585	1,246,285	34,777,267	2,547,667	61,385,804
Additions	546,856	5,254,887	3,360,023	551,890	9,713,656
<b>At 30 September 2017</b>	<b>23,361,441</b>	<b>6,501,172</b>	<b>38,137,290</b>	<b>3,099,557</b>	<b>71,099,460</b>
<b>Accumulated depreciation</b>					
At 1 October 2015	2,991,325	-	20,484,403	1,488,781	24,964,509
Charge for the year	476,975	-	1,955,045	191,951	2,623,971
At 1 October 2016	3,468,300	-	22,439,448	1,680,732	27,588,480
Charge for the year	482,253	-	1,881,235	197,439	2,560,927
<b>At 30 September 2017</b>	<b>3,950,553</b>	<b>-</b>	<b>24,320,683</b>	<b>1,878,171</b>	<b>30,149,407</b>
<b>Net book amount</b>					
<b>At 30 September 2017</b>	<b>19,410,888</b>	<b>6,501,172</b>	<b>13,816,607</b>	<b>1,221,386</b>	<b>40,950,053</b>
At 30 September 2016	19,346,285	1,246,285	12,337,819	866,935	33,797,324
At 30 September 2015	19,324,548	-	10,421,464	805,215	30,551,227

Depreciation is included within administrative expenses in the income statement.

Assets held under finance leases had the following net book amount:

	Plant and machinery 2017 £	Plant and machinery 2016 £
Cost	143,765	143,765
Accumulated depreciation	(37,725)	(23,348)
<b>Net book amount</b>	<b>106,040</b>	<b>120,417</b>

**Notes to the financial statements for the year ended 30 September 2017**

**11 Inventories**

	2017	2016
	£	£
Raw materials	8,842,705	7,396,463
Work in progress	1,125,745	739,902
Finished goods	1,377,148	1,528,940
	<b>11,345,598</b>	<b>9,665,305</b>

**Movement in inventory provision**

	2017	2016
	£	£
At 1 October	1,291,170	1,231,170
Provision for impairment	(61,280)	60,000
<b>At 30 September</b>	<b>1,229,890</b>	<b>1,291,170</b>

The cost of inventories recognised as an expense and included in cost of sales amount to £22,760,952 (2016: £20,443,311).

**12 Trade and other receivables**

	2017	2016
	£	£
Trade receivables	6,447,036	5,636,962
Less: provision for impairment of trade receivables	(516,669)	(89,457)
Trade receivables (net)	5,930,367	5,547,505
Amounts due from group undertakings (note 26)	6,349,821	6,041,331
Other receivables	1,174,459	1,230,879
Group relief receivable (note 26)	444,091	-
Prepayments and accrued income	4,100,901	3,712,581
	<b>17,999,639</b>	<b>16,532,296</b>

The fair values of trade and other receivables are not materially different from their carrying values. For the purposes of IFRS 7 "Financial instruments: Disclosures" all of the company's financial assets are classified as loans and receivables. The company has no assets that may be classified as held at fair value through profit and loss, derivatives used for hedging or available-for-sale.

The carrying amount of the company's trade and other receivables are denominated in the following currencies:

	2017	2016
	£	£
<b>Currency</b>		
UK pound	16,744,756	15,420,041
US dollar	1,125,373	913,983
Euro	129,510	198,272
	<b>17,999,639</b>	<b>16,532,296</b>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above. As of 30 September 2017 trade receivables of £1,673,496 (2016: £1,021,831) were past due but not impaired. These and the other trade receivables relate to a number of large multinational companies for which there is little risk of default.

**Notes to the financial statements for the year ended 30 September 2017**
**12 Trade and other receivables (continued)**

The aged analysis of these trade receivables is as follows:

	2017 £	2016 £
Up to two months overdue	1,349,303	623,027
More than two months overdue	324,193	398,804
	<b>1,673,496</b>	<b>1,021,831</b>

None of these trade receivables have had their terms renegotiated.

Movement on the provision for impairment of trade receivables is as follows:

	2017 £	2016 £
At 1 October	89,457	25,763
Provision for receivables impairment	427,212	63,694
<b>At 30 September</b>	<b>516,669</b>	<b>89,457</b>

The movement in the provision for impaired receivables has been included in administrative expenses in the income statement.

**13 Cash and cash equivalents**

	2017 £	2016 £
Cash at bank and in hand	7,902	111,518

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2017 £	2016 £
Cash and cash equivalents	7,902	111,518
Bank overdraft (note 14)	(1,193,457)	(952,300)
	<b>(1,185,555)</b>	<b>(840,782)</b>

**14 Borrowings**

	2017 £	2016 £
<b>Current</b>		
Bank overdraft	1,193,457	952,300
Other loans – secured (a)	267,427	262,730
Amounts owed to group undertakings (note 26)	13,824,221	9,044,830
Finance lease obligations	27,839	28,120
	<b>15,312,944</b>	<b>10,287,980</b>

Notes to the financial statements for the year ended 30 September 2017

14 Borrowings (continued)

	2017	2016
	£	£
<b>Non-current</b>		
Other loans – secured (a)	226,505	493,932
Finance lease obligations	45,449	73,288
	<b>271,954</b>	<b>567,220</b>

(a) In July 2016 the company received a loan of £800,000 from the University of Derby under its Invest to Grow business assistance scheme. The interest rate of the loan is fixed at 1.64%. The loan will be repaid over a three year period in fixed monthly instalments of £22,835 commencing August 2016 and concluding July 2019 and is secured by a guarantee from the company's parent company, Almac Group Limited. As at 30 September 2017 £493,932 of this loan remains outstanding, with £267,427 of this loan falling due within the next 12 months and £226,505 falling due after 12 months.

The fair value of both current and non-current borrowings equals their carrying amount as the impact of discounting is not significant.

For the purposes of IFRS 7 “Financial instruments: Disclosures” the financial liabilities noted above are classified as other financial liabilities. The company has no liabilities that may be classified as held at fair value through profit and loss or derivatives used for hedging.

The carrying amount of the company's borrowings is denominated in the following currencies:

	2017	2016
	£	£
UK Pound	15,584,898	10,855,200

The effective interest rates at the balance sheet date were as follows:

	2017	2016
	%	%
Bank overdrafts	1.83	1.98
Fixed rate loans	1.77	1.77
Finance leases	6.15	6.75

**Maturity of financial liabilities**

The maturity profile of the carrying amount of non-current borrowings, at 30 September was as follows:

	2017	2016
	£	£
In more than one year but not more than five years	271,954	567,220

**Notes to the financial statements for the year ended 30 September 2017**
**14 Borrowings (continued)**

The minimum lease payments under finance leases fall due as follows:

	2017 £	2016 £
Less than one year	31,353	33,376
In more than one year but not more than five years	48,699	80,052
	80,052	113,428
Future finance charges	(6,764)	(12,021)
Present value of finance lease liabilities	73,288	101,407

The amounts included in the table below are the contractual undiscounted cash flows of current and non-current borrowings:

	Bank overdraft 2017 £	Amounts owed to group undertakings 2017 £	Other loans 2017 £	Finance lease 2017 £	Total 2017 £
Less than one year	1,193,457	13,824,221	274,020	31,353	15,323,051
In more than one year but not more than two years	-	-	227,509	21,235	248,744
In more than two years but not more than five years	-	-	-	27,464	27,464
	1,193,457	13,824,221	501,529	80,052	15,599,259

	Bank overdraft 2016 £	Amounts owed to group undertakings 2016 £	Other loans 2016 £	Finance lease 2016 £	Total 2016 £
Less than one year	952,300	9,044,830	274,020	33,376	10,304,526
In more than one year but not more than two years	-	-	274,020	31,353	305,373
In more than two years but not more than five years	-	-	227,509	48,699	276,208
	952,300	9,044,830	775,549	113,428	10,886,107

Notes to the financial statements for the year ended 30 September 2017

15 Trade and other payables

	2017 £	2016 £
Trade payables	3,727,967	4,579,569
Amounts owed to group undertakings (note 26)	658,997	573,436
Group relief payable (note 26)	-	310,835
Other tax and social security	499,459	425,744
Other creditors	182,873	245,884
Accruals	4,193,151	2,331,783
	9,262,447	8,467,251

The fair values of trade and other payables are not materially different from their carrying values as the impact of discounting is not significant.

For the purposes of IFRS 7 "Financial instruments: Disclosures" the financial liabilities noted above are classified as other financial liabilities. The company has no liabilities that may be classified as held at fair value through profit and loss or derivatives used for hedging.

There is no difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other payables.

16 Other non-current liabilities

	2017 £	2016 £
Accruals	655,183	517,113

The fair value of other non-current liabilities equals their carrying amount, as the impact of discounting is not significant.

Maturity of non-current liabilities

The maturity profile of the carrying value of non-current liabilities at 30 September was as follows:

	2017 £	2016 £
In more than one year but not more than two years	276,972	224,735
In more than two years but not more than five years	378,211	292,378
	655,183	517,113

There is no difference between the amounts shown above and the total contractual undiscounted cash flows of other non-current liabilities.

17 Deferred income tax liabilities

The gross movement on the deferred income tax account is as follows:

	2017 £	2016 £
At 1 October	2,554,608	2,448,634
Charged to the income statement	807,060	105,974
At 30 September	3,361,668	2,554,608

Notes to the financial statements for the year ended 30 September 2017

17 Deferred income tax liabilities (continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred tax assets/(liabilities)	Other temporary differences £	Accelerated capital allowances £	Total £
At 1 October 2015	162,267	(2,610,901)	(2,448,634)
Charged to the income statement	(8,210)	(94,985)	(103,195)
Adjustment in respect of prior periods	(21,534)	18,755	(2,779)
At 1 October 2016	132,523	(2,687,131)	(2,554,608)
Charged to the income statement	26,536	(801,040)	(774,504)
Adjustment in respect of prior periods	-	(32,556)	(32,556)
At 30 September 2017	159,059	(3,520,727)	(3,361,668)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2017 £	2016 £
Deferred tax assets		
- to be received after more than 12 months	159,059	132,523
Deferred tax liabilities		
- to be received after more than 12 months	(3,520,727)	(2,687,131)
Deferred tax liabilities – net	(3,361,668)	(2,554,608)

18 Deferred income

Government and other grants	£
At 1 October 2015	6,652,538
Capital grants received during the year	572,377
Released to the income statement	(712,014)
At 1 October 2016	6,512,901
Capital grants received during the year	546,913
Released to the income statement	(668,475)
At 30 September 2017	6,391,339

19 Share capital

	2017 £	2016 £
Allotted and fully paid		
20,355,000 (2016: 20,355,000) ordinary shares of £1 (2016: £1) each	20,355,000	20,355,000

**Notes to the financial statements for the year ended 30 September 2017**
**20 Cash generated from operations**

	2017 £	2016 £
Profit before income tax	5,066,031	8,652,031
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	2,560,927	2,623,971
Amortisation of intangible assets	107,806	103,067
Release of deferred income	(668,475)	(712,014)
Finance income	(8,316)	(6,805)
Finance costs	239,978	191,879
Movement in inventories	(1,680,293)	(197,633)
Movement in trade and other receivables	(1,023,252)	(6,683,593)
Movement in trade and other payables	444,101	2,275,128
<b>Net cash generated from operations</b>	<b>5,038,507</b>	<b>6,246,031</b>

**21 Pension commitments**

The company participates in group defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the group in an independently administered scheme.

Pension costs for the defined contribution scheme are as follows:

	2017 £	2016 £
Defined contribution scheme	631,590	535,348

Amounts owed to the pension scheme as at 30 September 2017 totalled £106,336 (2016: £86,137).

**22 Capital and other financial commitments**

	2017 £	2016 £
Contracts placed for future property, plant and equipment expenditure not provided in the financial statements	1,194,897	3,141,769

**23 Operating lease commitments - minimum lease payments**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Motor vehicles		Buildings	
	2017 £	2016 £	2017 £	2016 £
No later than one year	40,928	51,344	393,500	393,500
Later than one year and no later than five years	45,349	91,404	1,098,745	1,492,245
	<b>86,277</b>	<b>142,748</b>	<b>1,492,245</b>	<b>1,885,745</b>



## Notes to the financial statements for the year ended 30 September 2017

**24 Contingent liabilities**

The company is party to an unlimited inter-company cross company guarantee in relation to group banking facilities.

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland if certain conditions are not met. The directors do not anticipate any repayment falling due under the terms on which the grants were received as there are no unfulfilled conditions.

**25 Share-based payments**

The company operates a phantom share scheme whereby share awards are granted to directors and senior management employees. The share award is granted for £nil consideration, and is conditional on the director or employee continuing in employment for a period of three years from the date the share award is made, which is the first of January following the financial year end. The company accounts for these share awards as cash-settled share-based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities. The fair values of these payments are measured at each reporting date using professional external valuers, in line with the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

Share awards are exercisable from the first of January, three years following the award date. The share award is exercisable at the share price as determined by professional qualified valuers at the end of financial year when the share is exercisable and all share awards are cash settled.

The fair value of each share award granted and the assumptions used in the calculation are as follows:

Grant date	2017	2016
Share price at grant date	£0.762	£0.651
Number of employees	14	14
Share awards	237,457	268,210
Vesting period (years)	4	4
Option life (years)	4	4
Expected life (years)	4	4
Dividend yield	Nil	Nil
Risk free interest rate	5.0%	5.0%
Fair value	£0.762	£0.651

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £0.762 (2016: £0.651). The significant inputs into the model were the share price at grant date, exercise price, dividend yield, risk free interest and expected option life as shown above.

Movements in the number of share awards outstanding are as follows:

	2017 Number	2016 Number
Outstanding at the beginning of the financial year	826,643	841,799
Granted	237,457	268,210
Exercised	(275,054)	(283,366)
Outstanding at the end of the financial year	789,046	826,643
Exercisable at 1 January 2018/2017	283,379	275,054

**Notes to the financial statements for the year ended 30 September 2017**

**25 Share based payments (continued)**

The weighted average share price of share awards exercised in the year was £0.762 (2016: £0.651). Share awards outstanding at the end of the year have the following expiry dates:

	2017 Number	2016 Number
2017	-	275,054
2018	283,379	283,379
2019	268,210	268,210
2020	237,457	-
	<b>789,046</b>	<b>826,643</b>

The total expense recognised in the income statement was £288,373 (2016: £155,472). The year-end liability is £601,253 (2016: £538,145).

**26 Ultimate controlling party and related party transactions**

The immediate parent undertaking of the company at 30 September 2017 was Almac Group (UK) Limited.

The ultimate parent undertaking and the largest and smallest group of undertakings of which the company is a member and for which group financial statements are prepared is Almac Group Limited, a company incorporated in Northern Ireland. The registered office of Almac Group Limited is Almac House, 20 Seagoe Industrial Estate, Craigavon, BT63 5QD. Copies of the group financial statements are available from Companies Registry.

At the balance sheet date, the ultimate controlling parties are A D Armstrong, S Campbell, C Hayburn, and J W Irvine.

Companies within Almac Group Limited are related parties of Almac Pharma Services Limited.

Transactions entered into during the year and year end balances with companies within Almac Group Limited were as follows:

	2017 £	2016 £
Sales to group undertakings	30,910,688	29,651,303
Purchases from group undertakings	(1,992,578)	(1,098,027)
Management charge	(5,501,366)	(4,841,978)
Interest receivable from group undertakings	8,316	6,805
Interest payable to group undertakings	(223,310)	(184,207)
Amounts owed by group undertakings	6,349,821	6,041,331
Amounts owed to group undertakings	(14,483,218)	(9,618,266)
Group relief receivable/(payable)	444,091	(310,835)

Details of amounts owed by and to group undertakings are disclosed in notes 12, 14 and 15 respectively.

Details of interest payable and receivable on balances held with related parties are disclosed in note 6.