Registered number: NI 045055

Almac Pharma Services Limited
Annual report and financial statements
for the year ended 30 September 2018

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Almac Pharma Services Limited

Annual report and financial statements for the year ended 30 September 2018

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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 2018

The directors present their strategic report on the company for the year ended 30 September 2018.

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 £2,694,526 (2017: £4,207,021) and its net assets are £38,518,236 (2017: £35,823,710).

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
18 December 2018

Directors' report for the year ended 30 September 2018

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2018.

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 (2017: £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 (2017: £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 2018 (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.

K Stephens
Director
18 December 2018

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 as adopted by the European Union (IFRS). 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 United Kingdom Accounting Standards, comprising IFRS, 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 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.

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 of the ultimate parent company are responsible for the maintenance and integrity of the of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

K Stephens
Director
18 December 2018

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 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (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, included within the Annual report and financial statements (the "Annual report"), which comprise: the balance sheet as at 30 September 2018; the income statement, the cash flow statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you 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 2018 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 in respect of the financial statements 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. 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.

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

Emma Murray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
18 December 2018

Income statement for the year ended 30 September 2018

	Note	2018 £	2017 £
Continuing operations			
Revenue	2	**76,836,094**	69,660,684
Cost of sales	5	**(55,242,190)**	(48,280,529)
Gross profit		**21,593,904**	21,380,155
Distribution costs	5	**(3,910,315)**	(3,490,955)
Administrative expenses	5	**(14,291,990)**	(12,799,419)
Other income		**207,912**	207,912
Operating profit		**3,599,511**	5,297,693
Operating profit is analysed as:			
Operating profit before depreciation and amortisation ("EBITDA")		**7,252,299**	7,966,426
Depreciation of property, plant and equipment		**(3,533,121)**	(2,560,927)
Amortisation of intangible assets		**(119,667)**	(107,806)
Finance income	6	**23,179**	8,316
Finance costs	6	**(389,762)**	(239,978)
Finance costs – net	6	**(366,583)**	(231,662)
Profit before income tax		**3,232,928**	5,066,031
Income tax charge	8	**(538,402)**	(859,010)
Profit for the year attributable to owners of the company		**2,694,526**	4,207,021

The notes on pages 12 to 33 are an integral part of these financial statements.

There is no other comprehensive income for the year (2017: £nil).

Statement of changes in equity for the year ended 30 September 2018

	Share capital £	Retained earnings £	Total equity £
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
At 1 October 2017	20,355,000	15,468,710	35,823,710
Profit for the year and total comprehensive income	-	2,694,526	2,694,526
At 30 September 2018	**20,355,000**	**18,163,236**	**38,518,236**

The notes on pages 12 to 33 are an integral part of these financial statements.

Balance sheet as at 30 September 2018

	Note	2018 £	2017 £
Assets			
Non-current assets			
Intangible assets	9	**518,369**	275,814
Property, plant and equipment	10	**42,275,767**	40,950,053
Total non-current assets		**42,794,136**	41,225,867
Current assets			
Inventories	11	**11,355,659**	11,345,598
Trade and other receivables	12	**21,772,206**	17,999,639
Current income tax recoverable		**567,203**	500,239
Cash and cash equivalents	13	**46,655**	7,902
Total current assets		**33,741,723**	29,853,378
Total assets		**76,535,859**	71,079,245
Liabilities			
Current liabilities			
Borrowings	14	**16,190,775**	15,312,944
Trade and other payables	15	**11,165,182**	9,262,447
Total current liabilities		**27,355,957**	24,575,391
Non-current liabilities			
Borrowings	14	**82,464**	271,954
Other non-current liabilities	16	**750,262**	655,183
Deferred income tax liabilities	17	**4,019,761**	3,361,668
Deferred income	18	**5,809,179**	6,391,339
Total non-current liabilities		**10,661,666**	10,680,144
Total liabilities		**38,017,623**	35,255,535
Equity			
Capital and reserves attributable to owners of the company			
Share capital	19	**20,355,000**	20,355,000
Retained earnings		**18,163,236**	15,468,710
Total equity		**38,518,236**	35,823,710
Total equity and liabilities		**76,535,859**	71,079,245

The notes on pages 12 to 33 are an integral part of these financial statements.

The financial statements on pages 8 to 33 were authorised for issue by the Board of directors on 18 December 2018 and were signed on their behalf by:

AD Armstrong
Director

S Campbell
Director

Cash flow statement for the year ended 30 September 2018

	Note	2018 £	2017 £
Cash flows from operating activities			
Cash generated from operations	20	**4,552,737**	5,038,507
Finance costs		**(389,762)**	(239,978)
Net cash generated from operating activities		**4,162,975**	4,798,529
Cash flows from investing activities			
Purchase of intangible assets		**(362,222)**	(64,450)
Purchase of property, plant and equipment		**(4,773,225)**	(8,913,656)
Capital grants received		**87,962**	546,913
Finance income		**23,179**	8,316
Net receipts from / (advances to) group undertakings		**(93,813)**	-
Net cash used in investing activities		**(5,118,119)**	(8,422,877)
Cash flows from financing activities			
Advances from group undertakings – net		**1,647,352**	3,570,425
Repayment of other loans		**(267,427)**	(262,730)
Repayment of finance lease obligations		**(41,206)**	(28,120)
Net cash generated from financing activities		**1,338,719**	3,279,575
Net increase/(decrease) in cash and cash equivalents		**383,575**	(344,773)
Cash and cash equivalents and overdrafts at beginning of the year		**(1,185,555)**	(840,782)
Cash and cash equivalents and overdrafts at end of the year	13	**(801,980)**	(1,185,555)

The notes on pages 12 to 33 are an integral part of these financial statements.

Notes to the financial statements for the year ended 30 September 2018

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 2018

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 2018.

No standards have been adopted by the company for the first time during the financial year beginning on or after 1 October 2017 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 IFRS 10 (Consolidated financial statements) and IAS 28 (Investments in associates) on sale or contribution of assets (to be determined)
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)

Notes to the financial statements for the year ended 30 September 2018

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 following standards and amendments to standards will be relevant to the company but were not effective at 30 September 2018 and have not been applied in preparing these financial statements. The company's current view of the impact of these accounting changes is outlined as follows:

Pronouncement IFRS 9 'Financial instruments'

Nature of change

IFRS 9 'Financial instruments' has been endorsed by the EU as a replacement for IAS 39. It sets out requirements relating to recognition and derecognition, classification, measurement and hedge accounting. IFRS 9 retains but simplifies the mixed measurement model. Financial assets within its scope are required to be classified as being measured, subsequent to initial recognition, at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification is dependent on both the overall objective of the business model within which the asset is held and the contractual cash flow characteristics of the asset. Impairment under IFRS 9 is forward looking and is based on expected rather than incurred losses. For financial liabilities, there is no change to classification and measurement except for recognition of changes in own credit risk in other comprehensive income for certain liabilities designated at fair value through profit or loss. The company is making the accounting policy choice allowed under IFRS 9 to continue to apply the hedge accounting requirements of IAS 39.

Effective date

Financial periods beginning on or after 1 January 2018.

Impact

The company has assessed the nature and extent of the impact of the standard which is not expected to be significant to the financial statements of the company.

Pronouncement IFRS 15 'Revenue from contracts with customers'

Nature of change

IFRS 15 specifies how and when revenue will be recognised as well as requiring entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The revised standard was endorsed by the EU on 22 September 2016.

Effective date

Financial periods beginning on or after 1 January 2018.

Impact

The company has assessed the nature and extent of the impact of the standard which is not expected to be significant to the financial statements of the company.

Notes to the financial statements for the year ended 30 September 2018

1 Accounting policies (continued)

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.

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.

Notes to the financial statements for the year ended 30 September 2018

1 Accounting policies (continued)

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.

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.

Notes to the financial statements for the year ended 30 September 2018

1 Accounting policies (continued)

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.

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.

Notes to the financial statements for the year ended 30 September 2018

1 Accounting policies (continued)

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/NI 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.

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.

Notes to the financial statements for the year ended 30 September 2018

1 Accounting policies (continued)

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.

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:

	2018		2017	
	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	**(91)**	**(91)**	(89)	(89)
US dollar strengthens by 10% against UK pound	**111**	**111**	109	109

3 Financial risk management (continued)

(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:

	2018		2017	
	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%	**(154)**	**(154)**	(116)	(116)
Interest rates decrease by 1%	**154**	**154**	116	116

(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.

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

	2018	2017
	£	£
Changes in inventories of finished goods and work-in-progress	**(488,775)**	(234,051)
Raw materials and consumables used	**23,883,787**	22,995,003
Employee benefit expense (note 7)	**25,886,343**	22,478,600
Depreciation and amortisation	**3,652,788**	2,668,733
Transfer from capital grant reserve (note 18)	**(670,123)**	(668,475)
Operating lease payments	**434,428**	444,844
Other expenses*	**20,746,047**	16,886,249
Total cost of sales, distribution costs and administrative expenses	**73,444,495**	64,570,903

Other expenses of £20,746,047 (2017: £16,886,249) are stated after the deduction of £1,500,479 (2017: £601,745) of research and development tax credits.

Notes to the financial statements for the year ended 30 September 2018

5 Expenses by nature (continued)

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.

	2018	2017
	£	£
Fees payable to the company's auditors for the audit	**12,470**	12,050
Fees payable to the company's auditors for other services:		
- tax services	**3,785**	3,675
	16,255	15,725

6 Finance costs - net

	2018	2017
	£	£
Interest expense:		
Interest payable to group undertakings	**(375,777)**	(223,310)
Interest payable on other loans	**(6,592)**	(11,290)
Interest payable on finance leases	**(7,393)**	(5,378)
Finance cost	**(389,762)**	(239,978)
Interest income:		
Interest receivable from group undertakings	**23,179**	8,316
Finance income	**23,179**	8,316
Finance costs – net	**(366,583)**	(231,662)

Notes to the financial statements for the year ended 30 September 2018

7 Employees and directors

	2018 £	2017 £
Staff costs during the year		
Wages and salaries	**22,484,047**	19,550,579
Social security costs	**2,375,418**	2,008,058
Other pension costs (note 21)	**738,073**	631,590
Share based payment costs (note 25)	**288,805**	288,373
	25,886,343	22,478,600

	2018 Number	2017 Number
Average monthly number of persons employed (including directors) during the year by activity:		
Administration	**81**	70
Operations	**638**	569
	719	639

Key management compensation	2018 £	2017 £
Salaries and short term employee benefits	**320,019**	315,652
Pension costs – defined contribution plans	**46,977**	23,174
	366,996	338,826

Directors	2018 £	2017 £
Aggregate emoluments	**285,530**	281,502
Pension costs – defined contribution plans	**46,977**	23,174
	332,507	304,676

One director (2017: one) has retirement benefits accruing under a defined contribution plan. One director (2017: one) has exercised phantom share options in the year.

Director – highest paid director	2018 £	2017 £
Aggregate emoluments	**285,530**	281,502
Pension costs – defined contribution plans	**46,977**	23,174
	332,507	304,676

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 2018

8 Income tax charge

	2018	2017
	£	£
Current tax		
Current tax on profits for the year	**338,438**	83,909
Adjustment in respect of previous periods	**(458,129)**	(31,959)
Total current tax	**(119,691)**	51,950
Deferred tax		
Origination and reversal of temporary differences	**296,906**	888,339
Changes in tax laws and rates	**(24,733)**	(113,835)
Adjustment in respect of previous periods	**385,920**	32,556
Total deferred tax	**658,093**	807,060
Income tax charge	**538,402**	859,010

The tax on the company's profit before tax differs from (2017: differs from) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	2018	2017
	£	£
Profit before income tax	**3,232,928**	5,066,031
Profit before income tax at the UK standard rate of 19% (2017: 19.5%)	**614,256**	987,876
Effects of:		
Expenses not deductible for tax purposes	**148,412**	130,298
Changes in tax laws and rates	**(24,734)**	(113,835)
Capital grants not taxable	**(127,323)**	(145,926)
Adjustments in respect of previous periods	**(72,209)**	597
Income tax charge	**538,402**	859,010

Notes to the financial statements for the year ended 30 September 2018

9 Intangible assets

	Computer software £	Goodwill £	Total £
Cost			
At 1 October 2016	1,574,394	47,008	1,621,402
Additions	64,450	-	64,450
At 1 October 2017	1,638,844	47,008	1,685,852
Additions	362,222	-	362,222
At 30 September 2018	**2,001,066**	**47,008**	**2,048,074**
Accumulated amortisation			
At 1 October 2016	1,255,224	47,008	1,302,232
Charge for the year	107,806	-	107,806
At 1 October 2017	1,363,030	47,008	1,410,038
Charge for the year	119,667	-	119,667
At 30 September 2018	**1,482,697**	**47,008**	**1,529,705**
Net book amount			
At 30 September 2018	**518,369**	**-**	**518,369**
At 30 September 2017	275,814	-	275,814
At 30 September 2016	319,170	-	319,170

Amortisation is included within administrative expenses in the income statement.

Notes to the financial statements for the year ended 30 September 2018

10 Property, plant and equipment

	Land and buildings £	Assets in the course of construction £	Plant and machinery £	Fixtures, fittings and computer equipment £	Total £
Cost					
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
At 1 October 2017	23,361,441	6,501,172	38,137,290	3,099,557	71,099,460
Transfers	7,124,411	(7,124,411)	-	-	-
Additions	123,176	623,239	3,604,109	508,311	4,858,835
At 30 September 2018	**30,609,028**	**-**	**41,741,399**	**3,607,868**	**75,958,295**
Accumulated depreciation					
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
At 1 October 2017	3,950,553	-	24,320,683	1,878,171	30,149,407
Charge for the year	1,001,013	-	2,243,524	288,584	3,533,121
At 30 September 2018	**4,951,566**	**-**	**26,564,207**	**2,166,755**	**33,682,528**
Net book amount					
At 30 September 2018	**25,657,462**	**-**	**15,177,192**	**1,441,113**	**42,275,767**
At 30 September 2017	19,410,888	6,501,172	13,816,607	1,221,386	40,950,053
At 30 September 2016	19,346,285	1,246,285	12,337,819	866,935	33,797,324

Depreciation is included within administrative expenses in the income statement.

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

	Plant and machinery 2018 £	Plant and machinery 2017 £
Cost	**238,847**	143,765
Accumulated depreciation	**(60,473)**	(37,725)
Net book amount	**178,374**	106,040

Notes to the financial statements for the year ended 30 September 2018

11 Inventories

	2018	2017
	£	£
Raw materials	**8,364,591**	8,842,705
Work in progress	**1,432,336**	1,125,745
Finished goods	**1,558,732**	1,377,148
	11,355,659	11,345,598

Movement in inventory provision

	2018	2017
	£	£
At 1 October	**1,229,890**	1,291,170
Provision for impairment	**(158,726)**	(61,280)
At 30 September	**1,071,164**	1,229,890

The cost of inventories recognised as an expense and included in cost of sales amount to £23,395,012 (2017: £22,760,952).

12 Trade and other receivables

	2018	2017
	£	£
Trade receivables	**8,346,548**	6,447,036
Less: provision for impairment of trade receivables	**(125,740)**	(516,669)
Trade receivables (net)	**8,220,808**	5,930,367
Amounts due from group undertakings (note 26)	**6,363,892**	6,349,821
Other receivables	**987,691**	1,174,459
Group relief receivable (note 26)	**1,997,297**	444,091
Prepayments and accrued income	**4,202,518**	4,100,901
	21,772,206	17,999,639

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:

	2018	2017
	£	£
Currency		
UK pound	**20,704,916**	16,744,756
US dollar	**1,060,676**	1,125,373
Euro	**6,614**	129,510
	21,772,206	17,999,639

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above.
As of 30 September 2018 trade receivables of £977,470 (2017: £1,673,496) 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 2018

12 Trade and other receivables (continued)

The aged analysis of these trade receivables is as follows:

	2018	2017
	£	£
Up to two months overdue	**458,287**	1,349,303
More than two months overdue	**519,183**	324,193
	977,470	1,673,496

None of these trade receivables have had their terms renegotiated.

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

	2018	2017
	£	£
At 1 October	**516,669**	89,457
Provision for receivables impairment	**106,161**	427,212
Unused amounts reversed	**(497,090)**	-
At 30 September	**125,740**	516,669

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

13 Cash and cash equivalents

	2018	2017
	£	£
Cash at bank and in hand	**46,655**	7,902

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

	2018	2017
	£	£
Cash and cash equivalents	**46,655**	7,902
Bank overdraft (note 14)	**(848,635)**	(1,193,457)
	(801,980)	(1,185,555)

14 Borrowings

	2018	2017
Current	£	£
Bank overdraft	**848,635**	1,193,457
Other loans – secured (a)	**226,505**	267,427
Amounts owed to group undertakings (note 26)	**15,080,407**	13,824,221
Finance lease obligations	**35,228**	27,839
	16,190,775	15,312,944

Notes to the financial statements for the year ended 30 September 2018

14 Borrowings (continued)

	2018	2017
Non-current	**£**	£
Other loans – secured (a)	**-**	226,505
Finance lease obligations	**82,464**	45,449
	82,464	271,954

(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 2018 £226,505 of this loan remains outstanding, with £226,505 of this loan falling due within the next 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:

	2018	2017
	£	£
UK Pound	**16,273,239**	15,584,898

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

	2018	2017
	%	%
Bank overdrafts	**2.29**	1.83
- Fixed rate loans	**1.77**	1.77
Finance leases	**6.10**	6.15

Maturity of financial liabilities

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

	2018	2017
	£	£
In more than one year but not more than five years	**82,464**	271,954

Notes to the financial statements for the year ended 30 September 2018

14 Borrowings (continued)

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

	2018 £	2017 £
Less than one year	**40,635**	31,353
In more than one year but not more than five years	**88,240**	48,699
	128,875	80,052
Future finance charges	**(11,183)**	(6,764)
Present value of finance lease liabilities	**117,692**	73,288

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

	Bank overdraft 2018 £	Amounts owed to group undertakings 2018 £	Other loans 2018 £	Finance leases 2018 £	Total 2018 £
Less than one year	**848,635**	**15,425,748**	**227,509**	**40,635**	**16,542,527**
In more than one year but not more than two years	**-**	**-**	**-**	**39,898**	**39,898**
In more than two years but not more than five years	**-**	**-**	**-**	**48,342**	**48,342**
	848,635	**15,425,748**	**227,509**	**128,875**	**16,630,767**

	Bank overdraft 2017 £	Amounts owed to group undertakings 2017 £	Other loans 2017 £	Finance leases 2017 £	Total 2017 £
Less than one year	1,193,457	14,077,204	274,020	31,353	15,576,034
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	14,077,204	501,529	80,052	15,852,242

Notes to the financial statements for the year ended 30 September 2018

15 Trade and other payables

	2018	2017
	£	£
Trade payables	**3,152,861**	3,727,967
Amounts owed to group undertakings (note 26)	**921,604**	658,997
Other tax and social security	**660,216**	499,459
Other creditors	**166,141**	182,873
Accruals	**6,264,360**	4,193,151
	11,165,182	9,262,447

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

	2018	2017
	£	£
Accruals	**750,262**	655,183

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:

	2018	2017
	£	£
In more than one year but not more than two years	**246,728**	276,972
In more than two years but not more than five years	**503,534**	378,211
	750,262	655,183

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:

	2018	2017
	£	£
At 1 October	**3,361,668**	2,554,608
Credited to the income statement	**658,093**	807,060
At 30 September	**4,019,761**	3,361,668

Notes to the financial statements for the year ended 30 September 2018

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 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 1 October 2017	159,059	(3,520,727)	(3,361,668)
Charged to the income statement	26,627	(298,801)	(272,174)
Adjustment in respect of prior periods	-	(385,919)	(385,919)
At 30 September 2018	**185,686**	**(4,205,447)**	**(4,019,761)**

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

	2018 £	2017 £
Deferred tax assets		
- to be received after more than 12 months	**185,687**	159,059
Deferred tax liabilities		
- to be received after more than 12 months	**(4,205,448)**	(3,520,727)
Deferred tax liabilities – net	**(4,019,761)**	(3,361,668)

18 Deferred income

Government and other grants	£
At 1 October 2016	6,512,901
Capital grants received during the year	546,913
Released to the income statement	(668,475)
At 1 October 2017	6,391,339
Capital grants received during the year	87,963
Released to the income statement	(670,123)
At 30 September 2018	**5,809,179**

19 Share capital

	2018 £	2017 £
Allotted and fully paid		
20,355,000 (2017: 20,355,000) ordinary shares of £1 (2017: £1) each	**20,355,000**	20,355,000

Notes to the financial statements for the year ended 30 September 2018

20 Cash generated from operations

	2018	2017
	£	£
Profit before income tax	**3,232,928**	5,066,031
Adjustments for:		
Depreciation of property, plant and equipment	**3,533,121**	2,560,927
Amortisation of intangible assets	**119,667**	107,806
Release of deferred income	**(670,123)**	(668,475)
Finance income	**(23,179)**	(8,316)
Finance costs	**389,762**	239,978
Movement in inventories	**(10,061)**	(1,680,293)
Movement in trade and other receivables	**(4,017,192)**	(1,023,252)
Movement in trade and other payables	**1,997,814**	444,101
Net cash generated from operations	**4,552,737**	5,038,507

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:

	2018	2017
	£	£
Defined contribution scheme	**738,073**	631,590

Amounts owed to the pension scheme as at 30 September 2018 totalled £133,182 (2017: £106,336).

22 Capital and other financial commitments

	2018	2017
	£	£
Contracts placed for future property, plant and equipment expenditure not provided in the financial statements	**2,394,175**	1,194,897

23 Operating lease commitments - minimum lease payments

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

	Motor vehicles		**Buildings**	
	2018	2017	**2018**	2017
	£	£	£	£
No later than one year	**36,879**	40,928	**410,458**	393,500
Later than one year and no later than five years	**27,849**	45,349	**779,245**	1,098,745
	64,728	86,277	**1,189,703**	1,492,245

Notes to the financial statements for the year ended 30 September 2018

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	**2018**	2017
Share price at grant date	**£0.909**	£0.762
Number of employees	**12**	14
Share awards	**158,683**	237,457
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	**£0.909**	£0.762

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £0.909 (2017: £0.762). 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:

	2018 Number	2017 Number
Outstanding at the beginning of the financial year	**789,046**	826,643
Granted	**183,714**	237,457
Forfeited	**(104,541)**	-
Exercised	**(332,254)**	(275,054)
Outstanding at the end of the financial year	**535,965**	789,046
Exercisable at 1 January 2019/2018	**200,161**	283,379

Notes to the financial statements for the year ended 30 September 2018

25 Share based payments (continued)

The weighted average share price of share awards exercised in the year was £0.909 (2018: £0.762). Share awards outstanding at the end of the year have the following expiry dates:

	2018	2017
	Number	Number
2018	**-**	283,379
2019	**200,161**	268,210
2020	**177,121**	237,457
2021	**158,683**	-
	535,965	789,046

The total expense recognised in the income statement was £288,805 (2017: £288,373). The year-end liability is £487,192 (2017: £601,253).

26 Ultimate controlling party and related party transactions

The immediate parent undertaking of the company at 30 September 2018 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, and C Hayburn.

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:

	2018	2017
	£	£
Sales to group undertakings	**29,219,015**	30,910,688
Purchases from group undertakings	**(2,580,324)**	(1,992,578)
Management charge	**(6,413,064)**	(5,501,366)
Interest receivable from group undertakings	**23,179**	8,316
Interest payable to group undertakings	**(375,777)**	(223,310)
Amounts owed by group undertakings	**6,363,892**	6,349,821
Amounts owed to group undertakings	**(16,002,011)**	(14,483,218)
Group relief receivable	**1,997,297**	444,091

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.