

**Company Registration No. 00934139**

**Azelis UK Life Sciences Limited**

**Annual Report and Financial Statements**

**for the year ended**

**31 December 2018**



**Azelis UK Life Sciences Limited**  
Company Registration No. 00934139

**Annual Report and Financial Statements 2018**

**Contents**

Officers and Professional Advisors	1
Strategic Report	2
Directors' Report	3
<i>Statement of Directors' Responsibilities</i>	4
Independent Auditors' Report	5
Profit and Loss Account	8
Balance Sheet	9
Statement of Changes in Equity	10
Notes to the Financial Statements	11

# **Azelis UK Life Sciences Limited**

Company Registration No. 00934139

## **Officers and Professional Advisers**

### **Directors**

J T Traynor  
T Bakker  
A Bertona  
S E Roberts

### **Secretary**

S E Roberts

### **Registered Office**

Foxholes Business Park  
John Tate Road  
Hertford  
Hertfordshire  
SG13 7YH

### **Bankers**

BNP Paribas SA, London Branch  
10 Harewood Avenue  
London  
NW1 6AA

### **Independent Auditors**

DSG  
Castle Chambers  
43 Castle Street  
Liverpool  
L2 9TL

**Azelis UK Life Sciences Limited**  
**Company Registration No. 00934139**

**Strategic report**

The directors present their strategic report for the year ended 31 December 2018.

**Principal activities and future developments**

On 1 January 2018 the company sold its trading operations and certain of its assets and liabilities to Azelis UK Limited. The activity in the year represents certain purchases made by the company and sold at cost to Azelis UK Limited but going forward the company will become a holding company.

**Business review**

The results for the year show a profit before taxation of £27k (2017: profit of £4.9m) and net assets of £0.8m (2017: £42.1m). The profit and loss predominately relate to interest income compared to a full year of trading results in 2017. The net assets have been reduced by a dividend paid in the year of £41.3m.

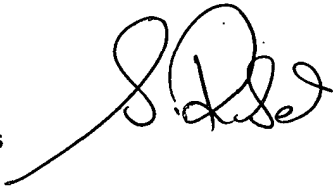
**Principal risks and uncertainties**

As the company will be a holding company the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

Approved by the Board of Directors  
and signed on behalf of the Board

S E Roberts

Director  
5 September 2019

A handwritten signature in black ink, appearing to be 'S E Roberts', written over a horizontal line.

## **Directors' Report**

The directors present their annual report and the audited financial statements for the year ended 31 December 2018.

### **Results and dividends**

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

A dividend of £41,300,000 was paid during the year (2017: £nil).

### **Directors**

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

J T Traynor  
T Bakker  
A Bertona  
S E Roberts

### **Going concern**

While the company ceased trading on 2 January 2018, the nature of the related transaction and of the residual intercompany loans is such that there are no differences between the financial statements drawn up on a going concern basis and those drawn up on a discontinued basis.

### **Directors' liabilities**

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision was in place through the financial year and remains in force as at the date of approving the Directors' Report.

### **Auditor**

DSG were appointed auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

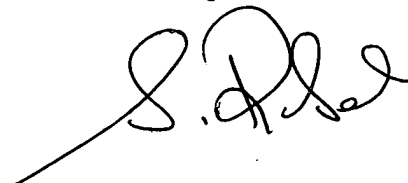
### **Statement of disclosure to auditors**

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

Approved by the Board and signed on its behalf by:

S E Roberts

Director  
5 September 2019



## **Statement of directors' responsibilities**

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK Accounting Standards 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.

## **Independent auditors' report to the members of Azelis UK Life Sciences Limited**

### **Opinion**

We have audited the financial statements of Azelis UK Life Sciences Limited (the 'Company') for the year ended 31 December 2018 which comprise the profit and loss account, the balance sheet, the statement of changes in equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditors' *responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **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.

### **Other information**

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

## **Azelis UK Life Sciences Limited**

Company Registration No. 00934139

### **Independent auditors' report to the members of Azelis UK Life Sciences Limited**

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 such material inconsistency or apparent material misstatement, we are required to determine whether there is a material misstatement in 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

#### **Matters on which we are required to report by exception**

In 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.

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

- adequate accounting records have not been kept, or returns adequate to our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

#### **Responsibilities of the directors**

As explained more fully in the Statement of Directors' Responsibilities, 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.



**Azelis UK Life Sciences Limited**  
Company Registration No. 00934139

**Independent auditors' report to the members of Azelis UK Life Sciences Limited**

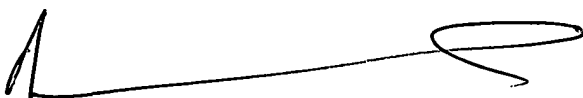
**Auditors' responsibilities for the audit of the financial statements**

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



**Andrew Moss BA FCA (Senior Statutory Auditor)**  
**For and on behalf of DSG**  
**Chartered Accountants**  
**Statutory Auditor**

5 September 2019  
Castle Chambers  
43 Castle Street  
Liverpool  
L2 9TL

**Azelis UK Life Sciences Limited**  
**Company Registration No. 00934139**

**Profit and Loss Account**  
**For the year ended 31 December 2018**

	<b>Note</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>Turnover</b>	5	1,365	61,480
Cost of sales		(1,365)	(49,529)
<b>Gross profit</b>		-	11,951
Administrative expenses		(3)	(9,135)
<b>Operating (loss)/profit</b>	6	(3)	2,816
Interest receivable and similar income	8	30	2,263
Interest payable and similar expenses	9	-	(151)
<b>Profit before taxation</b>		27	4,928
Tax on profit	10	(5)	(841)
<b>Profit for the financial year</b>		22	4,087

The company has no other comprehensive income.

The notes on pages 11 to 25 form an integral part of the financial statements.

**Azelis UK Life Sciences Limited**  
Company Registration No. 00934139

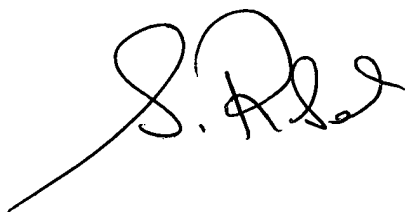
**Balance Sheet**  
**As at 31 December 2018**

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Tangible assets	11	-	197
		<u>-</u>	<u>197</u>
<b>Current assets</b>			
Inventories	13	-	7,201
Debtors	14	1,854	46,568
Cash and cash equivalents		-	194
		<u>1,854</u>	<u>53,963</u>
<b>Creditors: amounts falling due within one year</b>	15	(1,057)	(12,081)
		<u>797</u>	<u>41,882</u>
<b>Net current assets</b>			
<b>Creditors: amounts falling due after more than one year</b>	16	-	(4)
		<u>797</u>	<u>42,075</u>
<b>Net assets</b>			
Called up share capital	18	115	115
Share premium account	19	404	404
Profit and loss account	19	278	41,556
		<u>797</u>	<u>42,075</u>
<b>Total shareholders' funds</b>		<u>797</u>	<u>42,075</u>

The notes on pages 11 to 25 form an integral part of the financial statements.

The financial statements on pages 8 to 25 were approved for issue by the Board of Directors on 5 September 2019 and signed on its behalf by:

S E Roberts  
Director



Azelis UK Life Sciences Limited  
Company registered number 00934139

**Azelis UK Life Sciences Limited**  
**Company Registration No. 00934139**

**Statement of Changes in Equity**  
**For the year ended 31 December 2018**

	<b>Called up share capital £'000</b>	<b>Share premium account £'000</b>	<b>Profit and loss account £'000</b>	<b>Total shareholders' funds £'000</b>
Balance as at 1 January 2017	115	404	37,469	37,988
Profit for the financial year and total comprehensive income for the year	-	-	4,087	4,087
Balance as at 31 December 2017	115	404	41,556	42,075
Profit for the financial year and total comprehensive income for the year	-	-	22	22
Equity dividends paid	-	-	(41,300)	(41,300)
Balance as at 31 December 2018	115	404	278	797

The notes on pages 11 to 25 form an integral part of the financial statements.

# **Azelis UK Life Sciences Limited**

Company Registration No. 00934139

## **Notes to the Financial Statements For the year ended 31 December 2018**

### **1. General Information**

Azelis UK Life Sciences Limited is a private company limited by shares and domiciled and incorporated in England and Wales. The registered office is Foxholes Business Park, John Tate Road, Hertford, Hertfordshire, SG13 7YH.

The principal activity of the company is disclosed in the Strategic Report.

### **2. Statement of compliance**

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The company is exempt from the requirement to produce group financial statements under section 400 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking of Azelis Holdings S.A., which is incorporated in Luxembourg. These financial statements present information about the company and not about its group.

### **3. Summary of significant accounting policies**

The principal accounting policies applied 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.

#### **(a) Basis of Preparation**

These financial statements are prepared under the historical cost basis except for certain assets held at fair value as specified in the accounting policies below.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

#### **(b) Going concern**

While the company ceased trading on 2 January 2018, the nature of the related transaction and of the residual intercompany loans is such that there are no differences between the financial statements drawn up on a going concern basis and those drawn up on a discontinued basis

#### **(c) Exemptions for qualifying entities under FRS 102**

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the company's shareholders.

The company has taken advantage of the following exemptions:

- (i) From preparing a Statement of Cash Flows, on the basis that it is a qualifying entity and the group consolidated financial statements include a Statement of Cash Flow
- (ii) Group Related Party disclosures for 100% subsidiaries within the group
- (iii) Key management personnel
- (iv) Financial instruments

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**3. Summary of significant accounting policies (continued)**

**(d) Foreign currency**

*(i) Functional and presentation currency*

The financial statements are presented in GBP and rounded to thousands.

The company's functional and presentation currency is GBP.

*(ii) Transactions and balances*

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

**(e) Turnover recognition**

Turnover from the sale of goods is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of returns, discounts and rebates allowed by the company and value added taxes.

The company recognises turnover when (a) the significant risks and rewards of ownership have been transferred to the buyer; (b) the company retains no continuing involvement or control over the goods; (c) the amount of turnover can be measured reliably; (d) it is probable that future economic benefits will flow to the entity.

*(i) Interest income*

Interest income is recognised using the effective interest rate method.

**(f) Exceptional items**

The company classifies certain one-off charges or credits that have a material impact on the company's financial results as 'exceptional items'. These are disclosed separately to provide further understanding of the financial performance of the company.

**(g) Employees Benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and a defined contribution pension plan.

*(i) Short term benefits*

The cost of all short term benefits, including holiday pay, salaries employee entitlements to leave pay, bonuses, medical aid and other contributions, are recognised as an expense in the period in which the service is received.

## **Notes to the Financial Statements (continued)**

### **For the year ended 31 December 2018**

#### **3. Summary of significant accounting policies (continued)**

##### **(h) Employees Benefits (continued)**

###### *(ii) Defined contribution pension plans*

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the company independently administered funds.

###### *(iii) Annual bonus plan*

The company operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the company has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

##### **(i) Taxation**

Taxation expenses for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

Current or deferred taxation assets and liabilities are not discounted.

###### *(i) Current tax*

Current tax is the expected tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

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.

###### *(ii) Deferred tax*

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

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**3. Summary of significant accounting policies (continued)**

**(j) Tangible assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs.

Depreciation is calculated, using the straight-line method, to allocate the depreciable amount to their residual values over their estimated useful lives, as follows:

- |                                    |                         |
|------------------------------------|-------------------------|
| • Leasehold improvements           | - The life of the lease |
| • Computer equipment               | - 4 years               |
| • Fixtures, fittings and equipment | - 10 years              |

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively.

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

**(k) Borrowing costs**

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

**(l) Leased assets**

At inception the company assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Where the implicit rate cannot be determined the company's incremental borrowing rate is used. Incremental direct costs, incurred in negotiating and arranging the lease, are included in the cost of the asset.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.



**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**3. Summary of significant accounting policies (continued)**

**(l) Leased assets (continued)**

**(ii) Operating leased assets**

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

**(iii) Lease incentives**

Incentives received to enter into a finance lease reduce the fair value of the asset and are included in the calculation of present value of minimum lease payments.

Incentives received to enter into an operating lease are credited to the profit and loss account, to reduce the lease expense, on a straight-line basis over the period to the break clause of the lease.

The company has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 January 2013) and continues to credit such lease incentives to the profit and loss account over the period to the first review date on which the rent is adjusted to market rates.

**(m) Impairment of non-financial assets**

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use.

These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account. Goodwill is allocated on acquisition to the cash generating unit expected to benefit from the synergies of the combination. Goodwill is included in the carrying value of cash generating units for impairment testing.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**3. Summary of significant accounting policies (continued)**

**(n) Investments**

Investment in a subsidiary company is held at cost less accumulated impairment losses.

**(o) Inventories**

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in the period in which the related turnover is recognised.

Cost is determined on the weighted average cost method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

**(p) Cash and cash equivalents**

Cash and cash equivalents include 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, when applicable, are shown within borrowings in current liabilities.

**(q) Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as a finance cost.

**(r) Financial instruments**

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

**(i) Financial assets**

Basic financial assets, including trade and other receivables and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price.

## **Azelis UK Life Sciences Limited**

Company Registration No. 00934139

### **Notes to the Financial Statements (continued)** **For the year ended 31 December 2018**

#### **3. Summary of significant accounting policies (continued)**

##### **(r) Financial instruments (continued)**

Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

##### **(ii) Financial liabilities**

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow Group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

##### **(s) Share capital**

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

##### **(t) Distributions to equity holders**

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the shareholders. These amounts are recognised in the statement of changes in equity.

##### **(u) Related party transactions**

The company discloses transactions with related parties which are not wholly owned within the same company. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the company financial statements.

# Azelis UK Life Sciences Limited

Company Registration No. 00934139

## Notes to the Financial Statements (continued) For the year ended 31 December 2018

### 4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Key accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

#### (a) Provisions

Provision is made for asset retirement obligations, dilapidations and contingencies. These provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements. In addition, the timing of the cash flows and the discount rates used to establish net present value of the obligations require management's judgement.

#### (b) Impairment of investments in subsidiaries

The Group considers whether investments in subsidiaries are impaired. Where an indication of impairment is identified the estimation of recoverable value requires estimation of the recoverable value of the cash generating units (CGUs). This requires estimation of the future cash flows from the CGUs and also selection of appropriate discount rates in order to calculate the net present value of those cash flows.

### 5. Turnover

#### Analysis of turnover by geography

	2018 £'000	2017 £'000
United Kingdom	1,365	42,910
Rest of World	-	18,570
	<u>1,365</u>	<u>61,480</u>

#### Analysis of turnover by category

	2018 £'000	2017 £'000
Sale of goods	1,365	61,135
Rendering of services	-	345
	<u>1,365</u>	<u>61,480</u>

## Azelis UK Life Sciences Limited

Company Registration No. 00934139

### Notes to the Financial Statements (continued) For the year ended 31 December 2018

#### 6. Operating (loss)/profit

	2018 £'000	2017 £'000
Operating (loss)/profit is stated after charging/(crediting):		
Operating leases	-	891
Service fee from Azelis UK Limited	-	725
Gain on disposal of investment	-	(599)
Loss on foreign exchange transactions	-	91
Auditors' remuneration for the audit of the company's annual financial statements	3	27
Depreciation of tangible assets	-	48
	<u>-</u>	<u>98</u>

There were no fees other than audit fees paid to the company's auditors.

#### 7. Staff numbers and costs

The monthly average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2018 No.	2017 No.
Warehouse	-	2
Administration	-	13
Selling and technical	-	83
	<u>-</u>	<u>98</u>

The aggregate payroll costs of these persons were as follows:

	2018 £'000	2017 £'000
Wages and salaries	-	4,252
Social security costs	-	504
Other pension costs	-	203
	<u>-</u>	<u>4,959</u>

No directors received any remuneration in the current or prior year for services to this company.

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**8. Interest receivable and similar income**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
On amounts due from group companies	30	2,263
	<u>30</u>	<u>2,263</u>

**9. Interest payable and similar expenses**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
On amounts due to group companies	-	150
Other interest	-	1
	<u>-</u>	<u>151</u>

**10. Tax on profit**

**Analysis of charge in the year**

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<b>Current tax</b>		
Corporation tax at 19% (2017: 19.25%)	5	860
Adjustments in respect of prior periods	-	(29)
Total current tax	<u>5</u>	<u>831</u>
<b>Deferred tax (see note 17)</b>		
Origination/reversal of timing differences	-	10
Adjustments in respect of prior periods	-	-
Effect of decreased tax rate	-	-
Tax on profit	<u>5</u>	<u>841</u>

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**10. Tax on profit (continued)**

**Analysis of charge in the year**

The current tax charge for the year is lower (2017: lower) than the standard rate of corporation tax in the UK 19% (2017: 19.25%). The differences are explained below:

	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
<i>Current tax reconciliation</i>		
Profit before taxation	27	4,928
	<hr/>	<hr/>
Current tax at 19% (2017: 19.25%)	5	948
Effects of:		
Expenses not deductible for tax purposes	-	40
Differences between capital allowances and depreciation	-	(3)
Other short term timing differences		1
Rate difference for current and deferred tax movements	-	(2)
Gain on disposal of investments	-	(114)
Adjustments in respect of prior periods	-	(29)
	<hr/>	<hr/>
Total tax charge	<u>5</u>	<u>841</u>

**11. Tangible assets**

	<b>Leasehold improvements</b> <b>£'000</b>	<b>Computer equipment</b> <b>£'000</b>	<b>Fixtures, fittings and equipment</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
<b>Cost</b>				
At 1 January 2018	201	550	84	835
Transferred	(201)	(550)	(84)	(835)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
At 1 January 2018	46	548	44	638
Transferred	(46)	(548)	(44)	(638)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2018	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31 December 2018	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2017	<u>155</u>	<u>2</u>	<u>40</u>	<u>197</u>

Included above are assets held under finance leases with a net book value of £nil as at 31 December 2018 (2017: £10,694). The assets have been transferred at net book value.

## Azelis UK Life Sciences Limited

Company Registration No. 00934139

### Notes to the Financial Statements (continued) For the year ended 31 December 2018

#### 12. Investments

The entities in which the company's direct shareholding interest at the year end is greater than 20% are as follows:

Subsidiary undertakings	Country of registration	Principal activity	Percentage of ordinary shares held
S & D Chemicals Limited	England and Wales	Dormant	100.0%

The registered address of S&D Chemicals Limited is Alexander House, Crown Gate, Runcorn, Cheshire, WA7 2UP.

#### 13. Inventories

	2018 £'000	2017 £'000
Finished goods and goods for resale	-	7,201

A gain from the reduction in provision for impairment of £nil (2017: impairment £47,000) was recognised in cost of sales during the year due to reduction of slow-moving and obsolete inventories.

There is no material difference between the balance sheet amount and the replacement cost of inventories.

#### 14. Debtors

	2018 £'000	2017 £'000
Trade debtors	-	2,100
Amounts owed by group undertakings	1,785	43,311
Other debtors	69	863
Deferred tax asset (see note 17)	-	35
Prepayments and accrued income	-	259
	<u>1,854</u>	<u>46,568</u>

Amounts falling due after more than one year included above are:

	2018 £'000	2017 £'000
Amounts owed by group undertakings (loans)	-	28,169

Amounts owed by group undertakings include loans of £nil (2017: £42,460,881) which are unsecured and bear commercial rates of interest.



**Azelis UK Life Sciences Limited**

Company Registration No. 00934139

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018****15. Creditors: amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	-	6,739
Amounts owed to group undertakings	1,052	3,184
Other taxation and social security	-	808
Corporation tax	5	687
Other creditors	-	311
Obligations under finance leases and hire purchase contracts	-	6
Accruals and deferred income	-	346
	<u>1,057</u>	<u>12,081</u>

Amounts owed to group undertakings are unsecured, repayable on demand and are interest free.

**16. Creditors: amounts falling due after more than one year**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Obligations under finance leases and hire purchase contracts:		
Amounts due in 2 to 5 years	-	4
	<u>-</u>	<u>4</u>

**17. Deferred taxation**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Asset at beginning of year	35	45
Charge to the profit and loss account for the year	-	(10)
Transferred to fellow group company	(35)	-
Asset at end of year	<u>-</u>	<u>35</u>

The elements of deferred taxation are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Difference between accumulated depreciation and amortisation and capital allowances	-	32
Other timing differences	-	3
Deferred tax asset	<u>-</u>	<u>35</u>

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**18. Called up share capital**

	<b>2018</b>		<b>2017</b>	
	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>
<b>Authorised</b>				
Ordinary shares of £1 each	115,000	115	115,000	115
<b>Authorised, called up and fully paid</b>				
Ordinary shares of £1 each	115,000	115	115,000	115

**19. Reserves**

Called up share capital represents the nominal value of shares that have been issued.

Share premium account includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Profit and loss account include all current and prior year retained profits and losses.

**20. Capital and other commitments**

The company had no capital commitments at 31 December 2018 or 31 December 2017.

The company had the following future minimum lease payments under non – cancellable operating leases for each of the following periods:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Payments due</b>		
Not later than one year	-	688
Later than one year and not later than five years	-	2,432
Later than five years	-	9,863
	<u>-</u>	<u>12,983</u>

The company has sublet surplus warehousing space. Future minimum rentals receivable under the related non-cancellable operating lease are as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Not later than one year	-	236
Later than one year and not later than five years	-	1,082
Later than five years	-	1,150
	<u>-</u>	<u>2,468</u>

**Notes to the Financial Statements (continued)**  
**For the year ended 31 December 2018**

**21. Pension scheme**

The company operated a defined contribution pension scheme.

The pension cost charge for the year represents contributions payable by the company to the company pension schemes and amounted to £nil (2017: £202,887). There were outstanding contributions at the year end of £nil (2017: £nil).

**22. Related party disclosure**

The company has taken advantage of the exemption in Financial Reporting Standard 102 from the requirement to disclose transactions or balances with wholly-owned group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company.

**23. Control**

The company's immediate parent undertaking is Azelis UK Holdings Limited and Akita Midco Sarl is the ultimate parent company and controlling party.

Akita Midco Sarl is the only member of the group which prepares consolidated financial statements. The consolidated financial statements of Akita Midco Sarl are available to the public and may be obtained from Alexander House, Crown Gate, Runcorn, Cheshire, WA7 2UP.