

Company Registration No. 2658906

England and Wales

ASPAR PHARMACEUTICALS LIMITED

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 SEPTEMBER 2017**

FRIDAY



A770I4J4

A20

08/06/2018

#271

COMPANIES HOUSE

ASPAR PHARMACEUTICALS LIMITED

COMPANY INFORMATION

Directors

T.E. Prudhoe
Mrs S.J. Prudhoe
J.E. Prudhoe

Secretary

J.E. Prudhoe

Company number

2658906

Registered office

York House
Church Lane
Chalfont St Peter
Gerrards Cross
Buckinghamshire
SL9 9RE

Business address

Albany House
Acrewood Way
St Albans
Hertfordshire
AL4 0JY

Auditors

David Morgan & Co Ltd
52 High Street
Harrow-on-the-Hill
Middlesex
HA1 3LL

Accountants

Bass Sadler & Co
York House
Church Lane
Chalfont St Peter
Gerrards Cross
Buckinghamshire
SL9 9RE

ASPAR PHARMACEUTICALS LIMITED

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Strategic report | 1 |
| Directors' report | 2 - 3 |
| Independent auditors' report | 4 - 5 |
| Profit and loss account | 6 |
| Balance sheet | 7 |
| Statement of changes in equity | 8 |
| Cash flow statement | 9 |
| Notes to the cash flow statement | 10 |
| Notes to the financial statements | 11 - 24 |

ASPAR PHARMACEUTICALS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2016

The directors present their strategic report on the company for the year ended 30 September 2016.

Review of the business

The principal activity of the company continued to be that of manufacturing, packaging and distribution of pharmaceutical products.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

As with many businesses of our size, the business environment in which we operate continues to be challenging. The generic analgesic market in the UK is highly competitive and regulated and competition from both within and without the UK is strong. With these risks and uncertainties in mind we are aware that any plans for the future development of the business may be subject to unforeseen future events outside of our control.

The company is in a very strong position at the year end with net assets of £9.3M (2016 - £8.5M). The company has now moved most of its manufacturing capacity to the new factory in St Albans. The company has invested heavily in new plant and machinery for the new factory and the directors are confident that margins will begin to improve and turnover rise in the coming year.

We consider our key financial performance indicators are those that communicate the financial performance of the company as a whole, these being turnover, gross profit, net profit before tax and return on capital employed. The turnover of the company was £12.9M in 2017, (£13.5M - 2016) an decrease of 4.5% over the year. Gross margins have fallen marginally in the year from 50.6% in 2016 to 50.0% in 2017. Net profit before tax amounted to £0.53M in 2017, as against £1.56M in 2016, a fall of £1.03M. The return on capital employed reflected the increase in capital expenditure on plant and machinery, the completion of the new freehold property and fall in company profits and fell over the course of the year from 12% in 2016 to 8.5% in 2017. Return on capital employed is calculated as profit after tax divided by total net assets.

By order of the board



J.E. Prudhoe
Secretary
24 May 2018

ASPAR PHARMACEUTICALS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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

Future developments

The disclosure of future developments is set out in the Strategic Report on Page 1.

Results and dividends

The results for the year are set out on page 6.

No interim ordinary dividend was paid. -. The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 October 2016:

T.E. Prudhoe
Mrs S.J. Prudhoe
J.E. Prudhoe

Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

The auditors, David Morgan & Co Ltd, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

ASPAR PHARMACEUTICALS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial REporting Standard applicable in the UK and ROI", and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied they give a true and fair view of the state of affairs of the company and of the profit and loss of the company in that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume the company will continue in business.

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

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

Statement of disclosure to auditors

The directors at the date of approval of this report each confirm that:

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

By order of the board



J.E. Prudhoe

Secretary

24 May 2018

ASPAR PHARMACEUTICALS LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ASPAR PHARMACEUTICALS LIMITED

Report on the financial statements

Our Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its profit 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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the statement of financial position as at 30 September 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

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

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and Directors' Report. We have nothing to report in this respect.

Other matters on which we are to report by exception

Adequacy of accounting records and information and explanations received

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

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

ASPAR PHARMACEUTICALS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE MEMBERS OF ASPAR PHARMACEUTICALS LIMITED

- we have not received all the information and explanations we require for our audit.

We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 - 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 consent in writing.

What an audit of the financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In additions, we read all the financial and non financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements..


Simon Byrne (Senior Statutory Auditor)
for and on behalf of David Morgan & Co Ltd

24 May 2018

Chartered Accountants
Statutory Auditor

52 High Street

Harrow-on-the-Hill
Middlesex
HA1 3LL

ASPAR PHARMACEUTICALS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

| | Notes | 2017 £ | 2016 £ |
|---|-------|-------------|-------------|
| Turnover | 5 | 12,917,137 | 13,532,941 |
| Cost of sales | | (6,464,370) | (6,685,049) |
| Gross profit | | 6,452,767 | 6,847,892 |
| Administrative expenses | | (5,968,091) | (5,184,478) |
| Other operating income | | 12,880 | (18,695) |
| Operating profit | 6 | 497,556 | 1,644,719 |
| Other interest receivable and similar income | 7 | 226 | 8,677 |
| Interest payable and similar charges | 8 | (86,526) | (94,889) |
| Profit on ordinary activities before taxation | | 411,256 | 1,558,507 |
| Tax on profit on ordinary activities | 9 | 259,526 | (588,354) |
| Profit for the year | 19 | 670,782 | 970,153 |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

ASPAR PHARMACEUTICALS LIMITED

BALANCE SHEET

AS AT 30 SEPTEMBER 2017

| | Notes | 2017 £ | £ | 2016 £ | £ |
|--|-------|--------------------|--------------------|------------------|---|
| Fixed assets | | | | | |
| Property, plant & equipment | 10 | 10,786,068 | | 9,186,381 | |
| Financial Assets | 11 | 75,000 | | 75,000 | |
| | | <u>10,861,068</u> | | <u>9,261,381</u> | |
| Current assets | | | | | |
| Inventories | 12 | 1,578,936 | 1,486,850 | | |
| Trade and other receivables | 13 | 2,319,423 | 2,264,299 | | |
| Cash and cash equivalents | | 207 | 282 | | |
| | | <u>3,898,566</u> | <u>3,751,431</u> | | |
| Creditors: amounts falling due within one year | 14 | <u>(4,380,392)</u> | <u>(2,986,077)</u> | | |
| Net current (liabilities)/assets | | <u>(481,826)</u> | | <u>765,354</u> | |
| Total assets less current liabilities | | 10,379,242 | | 10,026,735 | |
| Creditors: amounts falling due after more than one year | 15 | (1,231,566) | | (1,362,635) | |
| Provisions for liabilities | 16 | - | | (187,204) | |
| | | <u>9,147,676</u> | | <u>8,476,896</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 18 | 45,100 | | 45,100 | |
| Retained earnings | 19 | 9,102,576 | | 8,431,796 | |
| Shareholders' funds | 20 | <u>9,147,676</u> | | <u>8,476,896</u> | |

Approved by the Board and authorised for issue on 24 May 2018

T.E. Prudhoe
Director

Company Registration No. 2658906

ASPAR PHARMACEUTICALS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

| | Called-up share capital | Retained earnings | Total equity |
|---|----------------------------|----------------------|--------------|
| Balance as at 1 October 2014 | 45,100 | 7,461,643 | 7,506,743 |
| Profit for the financial year | | 970,153 | 970,153 |
| Total comprehensive income for the year | | 970,153 | 970,153 |
| Balance as at 30 September 2015 | 45,100 | 8,431,796 | 8,476,896 |
| Balance as at 1 October 2015 | 45,100 | 8,431,796 | 8,476,896 |
| Profit for the financial year | | 670,782 | 670,782 |
| Total comprehensive income for the year | | 670,782 | 670,782 |
| Balances as at 30 September 2016 | 45,100 | 9,102,576 | 9,147,676 |

ASPAR PHARMACEUTICALS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2017

| | £ | 2017 £ | £ | 2016 £ |
|---|-------------|-------------|-------------|-------------|
| Net cash inflow from operating activities | | 1,464,733 | | 2,961,068 |
| Returns on investments and servicing of finance | | | | |
| Interest received | 226 | | 8,677 | |
| Interest paid | (86,526) | | (94,889) | |
| Net cash outflow for returns on investments and servicing of finance | | (86,300) | | (86,212) |
| Taxation | | (367,706) | | (239,990) |
| Capital expenditure | | | | |
| Payments to acquire tangible assets | (2,402,533) | | (5,636,008) | |
| Receipts from sales of tangible assets | 26,000 | | 41,914 | |
| Net cash outflow for capital expenditure | | (2,376,533) | | (5,594,094) |
| Net cash outflow before management of liquid resources and financing | | (1,365,806) | | (2,959,228) |
| Financing | | | | |
| Repayment of long term bank loan | (122,705) | | (114,341) | |
| Net cash outflow from financing | | (122,705) | | (114,341) |
| Decrease in cash in the year | | (1,488,511) | | (3,073,569) |
| Cash and cash equivalents at the beginning of the year | | (141,856) | | 2,931,713 |
| Cash and cash equivalents at the end of the year | | (1,630,367) | | (141,856) |

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2017

| | | | | |
|---|---|--|-----------|-----------|
| 1 | Reconciliation of operating profit to net cash inflow from operating activities | | 2017 | 2016 |
| | | | £ | £ |
| | Operating profit | | 497,556 | 1,644,719 |
| | Depreciation of tangible assets | | 802,844 | 1,046,223 |
| | Profit on disposal of tangible assets | | (26,000) | (12,881) |
| | (Increase)/decrease in stocks | | (92,086) | 126,900 |
| | Decrease/(increase) in debtors | | 122,209 | (220,197) |
| | Increase in creditors within one year | | 160,210 | 376,304 |
| | Net cash inflow from operating activities | | 1,464,733 | 2,961,068 |

| | | | | | |
|---|-----------------------------------|----------------|-------------|------------------------|-------------------|
| 2 | Analysis of net debt | 1 October 2016 | Cash flow | Other non-cash changes | 30 September 2017 |
| | | £ | £ | £ | £ |
| | Net cash: | | | | |
| | Cash at bank and in hand | 282 | (75) | - | 207 |
| | Bank overdrafts | (142,138) | (1,488,436) | - | (1,630,574) |
| | | (141,856) | (1,488,511) | - | (1,630,367) |
| | Bank deposits | - | - | - | - |
| | Debt: | | | | |
| | Debts falling due within one year | (114,341) | (8,364) | - | (122,705) |
| | Debts falling due after one year | (1,362,635) | 131,069 | - | (1,231,566) |
| | | (1,476,976) | 122,705 | - | (1,354,271) |
| | Net debt | (1,618,832) | (1,365,806) | - | (2,984,638) |

| | | | |
|---|---|-------------|-------------|
| 3 | Reconciliation of net cash flow to movement in net debt | 2017 | 2016 |
| | | £ | £ |
| | Decrease in cash in the year | (1,488,511) | (3,073,569) |
| | Cash outflow from decrease in debt | 122,705 | 114,341 |
| | Movement in net debt in the year | (1,365,806) | (2,959,228) |
| | Opening net (debt)/funds | (1,618,832) | 1,340,396 |
| | Closing net debt | (2,984,638) | (1,618,832) |

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

1 General Information

Aspar Pharmaceuticals Limited manufactures analgesics for the wholesale and retail trade from its plant in Colindale, London and sells primarily within the UK.

It is a private limited company, limited by shares, domiciled in England and Wales, registration number 02658906.

Registered address:

York House
Church Lane
Chalfont St Peter
Gerrards Cross
Buckinghamshire
NW9 0EQ

The Presentation currency is £ sterling.

2 Statement of Compliance

The financial statements of Aspar Pharmaceuticals Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard FRS 102, "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland ("FRS102") and the Companies Act 2006.

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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. The company has adopted FRS 102 in these financial statements.

3.1 Accounting convention

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of land and buildings and certain financial assets and liabilities measured at fair value through the profit and loss account. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

3.3 Turnover

Turnover represents amounts receivable for goods and services rendered net of VAT and trade discounts. The company recognises revenue 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 revenue can be measured reliably; (d) it is probable that future economic benefits will flow to the entity and (e) when the specific criteria relating to each of the company's sales channels have been met, as described below.

Sale of goods - wholesale: The company manufactures a range of analgesics in the wholesale market. Sales of goods are recognised on delivery to the wholesaler/retailer, when the wholesaler/retailer has full discretion over the channel and price to sell the product and there is no unfulfilled obligation that could affect the wholesaler/retailer's acceptance of the product.

3.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

- i) Land & buildings include freehold and leasehold factories. Land and buildings are stated at cost less accumulated depreciation and accumulated impairment losses.
- ii) Plant and machinery and fixtures and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

| | |
|--------------------------------|-----------------------------|
| Land and buildings Freehold | 2% on cost (buildings only) |
| Plant and machinery | 10% on cost |
| Fixtures, fittings & equipment | 20% on cost |
| Motor vehicles | 20% on cost |

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3 Accounting policies

(continued)

3.5 Leasing

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.

3.6 Investments

i) Investment in subsidiary company

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

3.7 Inventories

Inventories are stated at the lower of cost and estimated selling price less costs to complete and sell. Inventories are recognised as an expense in the period in which the related revenues are recognised. Cost is determined on the FIFO 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. The cost of manufactured finished goods and work in progress, raw materials, direct labour and other direct costs and related production overheads.

3.8 Pensions

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 in independently administered funds.

3.9 Taxation

Taxation expense 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 respectively.

i) Current tax

Current tax is the amount of income 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 except for certain exceptions. 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.

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

3 Accounting policies

(continued)

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,

3.10 Foreign currency translation

i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling.

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 except where deferred in other comprehensive income as qualifying cash flow hedges.

3.11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium sized group. However, due to the immateriality of the subsidiary in comparison to its parent company the directors have decided not to consolidate the financial statements.

3.12 Financial Instruments - Assets

i Financial assets Basic financial assets, including trade and other receivables, cash and bank balances 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.

3.13 Financial Instruments - liabilities

Basic financial liabilities, including trade and other payables, bank loans, 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. 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.

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

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.

Critical 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.

i) Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

ii) Impairment of debtors

The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience.

5 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

| 6 Operating profit | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Operating profit is stated after charging: | | |
| Depreciation of tangible assets | 802,844 | 1,046,223 |
| Loss on foreign exchange transactions | - | 18,695 |
| Operating lease rentals | 229,488 | 199,097 |
| Auditors' remuneration (including expenses and benefits in kind) | 6,500 | 6,250 |
| and after crediting: | | |
| Profit on disposal of tangible assets | (26,000) | (12,881) |
| Profit on foreign exchange transactions | (12,880) | - |

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

| | | | |
|----------|-------------------------------------|----------------------|----------------------|
| 7 | Investment income | 2017 | 2016 |
| | | £ | £ |
| | Bank interest | 226 | 8,677 |
| | | <u>226</u> | <u>8,677</u> |
| | | <u><u>226</u></u> | <u><u>8,677</u></u> |
| | | | |
| 8 | Interest payable | 2017 | 2016 |
| | | £ | £ |
| | On loans repayable after five years | 86,526 | 94,889 |
| | | <u>86,526</u> | <u>94,889</u> |
| | | <u><u>86,526</u></u> | <u><u>94,889</u></u> |

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

| 9 | Taxation | 2017 £ | 2016 £ |
|---|--|-----------|-----------|
| | Domestic current year tax | | |
| | U.K. corporation tax | 65,011 | 327,706 |
| | Total current tax | 65,011 | 327,706 |
| | Deferred tax | | |
| | Origination and reversal of timing differences | 39,341 | 260,648 |
| | Deferred tax adjustments arising in previous periods | (363,878) | - |
| | | (324,537) | 260,648 |
| | | (259,526) | 588,354 |
| | Factors affecting the tax charge for the year | | |
| | Profit on ordinary activities before taxation | 411,256 | 1,558,507 |
| | Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.50% (2016 - 20.00%) | 80,195 | 311,701 |
| | Effects of: | | |
| | Depreciation add back | 133,368 | 209,245 |
| | Capital allowances | (171,730) | (193,240) |
| | | (38,362) | 16,005 |
| | Current tax charge for the year | 41,833 | 327,706 |
| | Reconciliation - the current year tax charge does not reconcile to the above analysis. Please review figures in the database. | 23,178 | - |

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

10 Tangible fixed assets

| | Land and buildings Freehold £ | Plant and machinery £ | Fixtures, fittings & equipment £ | Motor vehicles £ | Total £ |
|-----------------------|--|-----------------------------|---|------------------------|------------|
| Cost | | | | | |
| At 1 October 2016 | 5,943,011 | 9,819,137 | 1,491,005 | 146,970 | 17,400,123 |
| Additions | 972,275 | 1,336,346 | 93,912 | - | 2,402,533 |
| Disposals | - | (102,488) | - | - | (102,488) |
| At 30 September 2017 | 6,915,286 | 11,052,995 | 1,584,917 | 146,970 | 19,700,168 |
| Depreciation | | | | | |
| At 1 October 2016 | 118,860 | 7,022,744 | 1,024,261 | 47,879 | 8,213,744 |
| On disposals | - | (102,488) | - | - | (102,488) |
| Charge for the year | 118,860 | 522,065 | 141,425 | 20,494 | 802,844 |
| At 30 September 2017 | 237,720 | 7,442,321 | 1,165,686 | 68,373 | 8,914,100 |
| Net book value | | | | | |
| At 30 September 2017 | 6,677,566 | 3,610,674 | 419,231 | 78,597 | 10,786,068 |
| At 30 September 2016 | 5,824,151 | 2,796,393 | 466,745 | 99,092 | 9,186,381 |

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

11 Fixed asset investments

| | Shares in subsidiary undertakings £ |
|--|--|
| Cost | |
| At 1 October 2016 & at 30 September 2017 | 75,000 |
| Net book value | |
| At 30 September 2017 | 75,000 |
| At 30 September 2016 | 75,000 |

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

| Company | Country of registration or incorporation | Class | Shares held % |
|--------------------------------|--|----------|---------------|
| Subsidiary undertakings | | | |
| Sestri (Sales) Limited | United Kingdom | Ordinary | 100.00 |

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

| | | Capital and reserves 2017 £ | Profit/(loss) for the year 2017 £ |
|------------------------|------------------------------|-----------------------------------|--|
| | Principal activity | | |
| Sestri (Sales) Limited | Distributing pharmaceuticals | 116,338 | 21,112 |

12 Stocks and work in progress

| | 2017 £ | 2016 £ |
|-------------------------------------|-----------|-----------|
| Raw materials and consumables | 349,400 | 596,480 |
| Work in progress | 920,444 | 364,364 |
| Finished goods and goods for resale | 309,092 | 526,006 |
| | 1,578,936 | 1,486,850 |

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

| 13 Debtors | 2017 £ | 2016 £ |
|-----------------------------------|------------------|------------------|
| Trade debtors | 1,983,622 | 1,970,786 |
| Prepayments and accrued income | 158,047 | 293,513 |
| Deferred tax asset (see note 16) | 177,333 | - |
| | <u>2,319,423</u> | <u>2,264,299</u> |

| 14 Creditors: amounts falling due within one year | 2017 £ | 2016 £ |
|---|------------------|------------------|
| Bank loans and overdrafts | 1,753,279 | 256,479 |
| Trade creditors | 1,775,426 | 1,999,971 |
| Amounts owed to subsidiary undertakings | 75,000 | 75,000 |
| Corporation tax | 65,011 | 327,706 |
| Other taxes and social security costs | 187,310 | 121,194 |
| Directors' current accounts | 359,030 | - |
| Accruals and deferred income | 165,336 | 205,727 |
| | <u>4,380,392</u> | <u>2,986,077</u> |

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

| 15 Creditors: amounts falling due after more than one year | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Bank loans | 1,231,566 | 1,362,635 |
| Analysis of loans | | |
| Wholly repayable within five years | 1,354,271 | 1,476,976 |
| | 1,354,271 | 1,476,976 |
| Included in current liabilities | (122,705) | (114,341) |
| | 1,231,566 | 1,362,635 |
| Loan maturity analysis | | |
| In more than one year but not more than two years | 138,206 | 122,000 |
| In more than two years but not more than five years | 469,804 | 343,000 |
| In more than five years | 600,176 | 1,011,976 |

The loan is secured by way of a debenture dated 21/12/2010 over the freehold property at Albany House.

On 28 July 2016 Barclays Bank have a fixed and floating charge over the assets of the company.

16 Provisions for liabilities

The deferred tax asset (included in debtors, note 13) is made up as follows:

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| Balance at 1 October 2016 | 147,204 | |
| Profit and loss account | (324,537) | |
| Balance at 30 September 2017 | (177,333) | |
| | | |
| | 2017 £ | 2016 £ |
| (Decelerated)/accelerated capital allowances | (177,333) | 187,204 |

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

17 Pension and other post-retirement benefit commitments

Defined contribution

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £35,733 (2016- £31,370). Contributions totalling £0 (2016- £0) were payable to the fund at the year end and are included in creditors.

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Contributions payable by the company for the year | 35,733 | 31,370 |

18 Share capital

Allotted, called up and fully paid
45,100 Ordinary shares of £1 each

| | 2017 £ | 2016 £ |
|--|-----------|-----------|
| | 45,100 | 45,100 |

19 Statement of movements on profit and loss account

| | Profit and loss account £ |
|------------------------------|------------------------------------|
| Balance at 1 October 2016 | 8,431,794 |
| Profit for the year | 670,782 |
| Balance at 30 September 2017 | 9,102,576 |

20 Financial Instruments

The Group has the following financial instruments:
Financial assets that are debt instruments measured at amortised cost
Trade Receivables

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 2017

21 Financial commitments

At 30 September 2017 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2018:

| | Land and buildings | | Other | |
|--|--------------------|---------|-------|--------|
| | 2017 | 2016 | 2017 | 2016 |
| | £ | £ | £ | £ |
| Operating leases which are due within: | | | | |
| Within one year | - | 195,598 | - | 20,993 |

22 Capital commitments

| 2017 | 2016 |
|------|------|
| £ | £ |

At 30 September 2017 the company had capital commitments as follows:

| | | |
|---|---------|---------|
| Contracted for but not provided in the financial statements | 469,776 | 940,841 |
|---|---------|---------|

23 Directors' remuneration

| 2017 | 2016 |
|------|------|
| £ | £ |

| | | |
|--------------------------------------|---------|---------|
| Remuneration for qualifying services | 431,267 | 407,458 |
|--------------------------------------|---------|---------|

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

| | | |
|--------------------------------------|---------|---------|
| Remuneration for qualifying services | 250,000 | 228,785 |
|--------------------------------------|---------|---------|

ASPAR PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2017

24 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

| | 2017 Number | 2016 Number |
|----------------|----------------|----------------|
| Production | 63 | 61 |
| Administration | 6 | 6 |
| Sales | 1 | 1 |
| | <u>70</u> | <u>68</u> |

Employment costs

| | 2017 £ | 2016 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 2,963,624 | 2,583,046 |
| Social security costs | 47,872 | 45,356 |
| Other pension costs | 35,733 | 31,370 |
| | <u>3,047,229</u> | <u>2,659,772</u> |

25 Control

The ultimate controlling party is T.E. Prudhoe, a director of the company.