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Company Registration No. 2658906 (England and Wales)

**ASPAR PHARMACEUTICALS LIMITED  
DIRECTORS' REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED  
30 SEPTEMBER 2020**

TUESDAY



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# ASPAR PHARMACEUTICALS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	T.E. Prudhoe Mrs S.J. Prudhoe J.E. Prudhoe
<b>Secretary</b>	J.E. Prudhoe
<b>Company number</b>	2658906
<b>Registered office</b>	York House Church Lane Chalfont St Peter Gerrards Cross Buckinghamshire SL9 9RE
<b>Business address</b>	Albany House Acrewood Way St Albans Hertfordshire AL4 0JY
<b>Auditors</b>	David Morgan & Co Limited 8 Peterborough Road Harrow HA1 2BQ
<b>Accountants</b>	Bass Sadler & Co York House Church Lane Chalfont St Peter Gerrards Cross Buckinghamshire SL9 9RE

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# ASPAR PHARMACEUTICALS LIMITED

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# ASPAR PHARMACEUTICALS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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The directors present their strategic report on the company for the year ended 30 September 2020.

### Review of the business

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

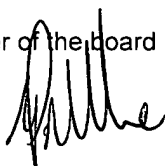
The results of the year were better than predicted due to the unexpected worldwide pandemic caused by the Covid-19 infection. The domestic market for analgesics increased markedly at the beginning of March 2020 and sales growth has continued into the new financial year. Turnover increased year on year by 17.5% and gross margins rose as well by 3 percentage points reversing a five year decline.

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 becoming increasingly liquid in its available resources and assets. It has been factoring its sales invoices for the past few years and at the 30 September 2020 had a positive cash balance at the Factors Bank Account. A good deal of its client base are established FTSE companies and payment terms are generally met on time. Debtor days have been very consistent year on year and the profits made in 2020 are therefore reflected in healthy bank balances at the year end. Liquidity ratios have increased from 1.02 to 1.46 over the course of the financial year. The company is highly regulated by the MHRA and constant vigilance must be maintained to ensure that the company's quality control is compliant and adaptable to changing regulatory environments. Competition both domestically and from abroad is always a factor in determining price as is sourcing its supply of raw materials and ensuring that the company's plant and equipment is kept up to date and functioning properly, ensuring outputs of finished product is kept to a high regulatory standard.

The company is in a strong position at the year end with net assets of £10.7M (2019 - £9.1M). The company has now moved the entirety of its manufacturing base to the new factory in St Albans. The company continues to invest in new plant and machinery for the factory and the directors are confident that margins will continue to improve and turnover continue to 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 £14.7M in 2020, (£12.6M - 2019) an increase of 17.5% over the year. Gross margins have risen in the year from 45.0% in 2019 to 48.0% in 2020. Net profit before tax amounted to £1.55M in 2020, as against a loss of £52K in 2019, a rise of £1.6M. The return on capital employed reflected the increase in capital expenditure on plant and machinery and huge increases in company profits and rose over the course of the year from 0.51% in 2019 to 11.87% in 2020. Return on capital employed is calculated as profit after tax divided by total net assets.

By order of the board



J.E. Prudhoe

**Secretary**

1 April 2021

# **ASPAR PHARMACEUTICALS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 30 SEPTEMBER 2020***

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The directors present their report and financial statements for the year ended 30 September 2020.

#### **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 7.

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 2019:

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 Limited, 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 2020**

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### 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.

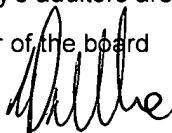
The directors are responsible for the maintenance and integrity of the company's website. legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation into the jurisdictions.

### 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**

1 April 2021

# **ASPAR PHARMACEUTICALS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF ASPAR PHARMACEUTICALS LIMITED**

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#### **Report on the financial statements**

##### **Opinion**

We have audited the financial statements of Aspar Pharmaceuticals Limited for the year ended 30 September 2020 which comprise the statutory profit and loss, balance sheet, cash flow and statement of changes in equity and notes to the financial statements, including a summary of the 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 ROI.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2020 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 Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including 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 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 the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate;
- 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 the information included in the Strategic Report and Directors' Report, other than in the financial statements and our auditor's report thereon.

# **ASPAR PHARMACEUTICALS LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

### **TO THE MEMBERS OF ASPAR PHARMACEUTICALS LIMITED**

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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 inconsistencies or apparent material misstatements, 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 in this regard.

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

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

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

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic and directors' report.

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

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

#### **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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



# ASPAR PHARMACEUTICALS LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF ASPAR PHARMACEUTICALS LIMITED

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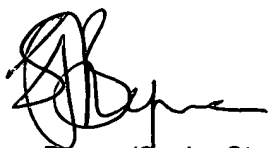
#### **Auditors responsibilities for the audit of the financial statements**

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit is 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 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 Councils website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our audit report.

#### **Use of our report**

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



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

1 April 2021

Chartered Accountants  
Statutory Auditor

8 Peterborough Road

Harrow

HA1 2BQ

# ASPAR PHARMACEUTICALS LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	Notes	2020 £	2019 £
Turnover	5	14,772,130	12,568,455
Cost of sales		(7,696,979)	(6,922,321)
Gross profit		7,075,151	5,646,134
Administrative expenses		(5,457,009)	(5,725,113)
Operating profit/(loss)	6	1,618,142	(78,979)
Investment income	7	-	97,500
Interest payable and similar charges	8	(61,838)	(70,571)
Profit/(loss) on ordinary activities before taxation		1,556,304	(52,050)
Tax on profit/(loss) on ordinary activities	9	(329,257)	5,878
Profit/(loss) for the year	19	1,227,047	(46,172)

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 2020

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Property, plant & equipment	10	9,538,961		9,768,533	
Fixed Asset Investment	11	75,000		75,000	
		<u>9,613,961</u>		<u>9,843,533</u>	
<b>Current assets</b>					
Inventories	12	1,707,976		1,880,087	
Trade and other receivables	13	2,639,807		2,148,338	
Deferred tax asset	13	63,900		123,623	
Cash and cash equivalents		227,250		217,846	
		<u>4,638,933</u>		<u>4,369,894</u>	
<b>Creditors: amounts falling due within one year</b>	14	(3,128,463)		(4,157,713)	
<b>Net current assets</b>		<u>1,510,470</u>		<u>212,181</u>	
<b>Total assets less current liabilities</b>		11,124,431		10,055,714	
<b>Creditors: amounts falling due after more than one year</b>	15	(785,737)		(944,067)	
		<u>10,338,694</u>		<u>9,111,647</u>	
<b>Capital and reserves</b>					
Called up share capital	18	45,100		45,100	
Retained earnings	19	10,293,594		9,066,547	
<b>Shareholders' funds</b>		<u>10,338,694</u>		<u>9,111,647</u>	

Approved by the Board and authorised for issue on 1 April 2021

T.E. Prudhoe  
Director



Company Registration No. 2658906

# ASPAR PHARMACEUTICALS LIMITED

## STATEMENT OF CHANGES IN EQUITY

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

	Called-up share capital	Retained earnings	Total equity
Balance as at 1 October 2018	45,100	9,112,719	9,157,819
Profit/(loss) for the financial year		(46,172)	(46,172)
Total comprehensive income for the year		(46,172)	(46,172)
Balance as at 30 September 2019	45,100	9,066,547	9,111,647
Balance as at 1 October 2019	45,100	9,066,547	9,111,647
Profit/(loss) for the financial year		1,227,047	1,227,047
Total comprehensive income for the year		1,227,047	1,227,047
Balances as at 30 September 2020	45,100	10,293,594	10,338,694

# ASPAR PHARMACEUTICALS LIMITED

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2020

	2020	2019
£	£	£
<b>Cash flow from operating activities</b>	1,603,669	926,799
Interest paid	(61,838)	(70,571)
Taxation	(16,068)	(976)
Dividends received	-	97,500
<b>Net cash flow from operating activities</b>	1,525,763	952,752
<b>Cash flow from investing activities</b>		
Payments to acquire tangible assets	(586,884)	(132,309)
Receipts from sales of tangible assets	(7,707)	-
<b>Net Cash flow from investing activities</b>	(594,591)	(132,309)
<b>Cash flow from financing activities</b>		
Repayment of long term bank loan	(149,138)	(139,946)
<b>Net cash flow from financing activities</b>	(149,138)	(139,946)
<b>Increase in cash in the year</b>	782,034	680,497
<b>Cash and cash equivalents at the beginning of the year</b>	(554,784)	(1,235,281)
<b>Cash and cash equivalents at the end of the year</b>	227,250	(554,784)
<b>Cash and cash equivalents consists of:</b>		
Cash at bank and in hand	227,250	217,846
Bank overdrafts	-	(772,630)
<b>Cash and cash equivalents at 30 September 2019</b>	227,250	(554,784)

# ASPAR PHARMACEUTICALS LIMITED

## NOTES TO THE CASH FLOW STATEMENT

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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<b>1CF Reconciliation of profit/(loss) to cash flow from operating activities</b>	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Operating profit/(loss)	1,618,142	(78,979)
Depreciation of tangible assets	816,456	837,619
Loss on disposal of tangible assets	7,707	-
Decrease/(increase) in stocks	172,111	(161,254)
Increase in debtors	(491,469)	(100,493)
(Decrease)/Increase in creditors within one year	(519,278)	429,906
	<hr/>	<hr/>
<b>Net cash flow from operating activities</b>	<b>1,603,669</b>	<b>926,799</b>
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# **ASPAR PHARMACEUTICALS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2020**

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### **1 General Information**

Aspar Pharmaceuticals Limited manufactures analgesics for the wholesale and retail trade from its plant in St Albans 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 2020

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#### 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 2020

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### 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 is 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. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

#### 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 2020

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### 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, under exemption s405 of the CA2006.

#### 3.12 Financial Instruments - 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 2020

### 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/(loss)	2020 £	2019 £
	Operating profit/(loss) is stated after charging:		
	Depreciation of tangible assets	816,456	837,619
	Loss on disposal of tangible assets	7,707	-
	Loss on foreign exchange transactions	-	6,905
	Operating lease rentals	-	73,888
	Auditors' remuneration (including expenses and benefits in kind)	8,800	7,000
	and after crediting:		
	Profit on foreign exchange transactions	(26,560)	-

# ASPAR PHARMACEUTICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

<b>7</b>	<b>Investment income</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	Income from shares in group undertakings	-	97,500
<b>8</b>	<b>Interest payable</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	On loans repayable after five years	61,838	70,571
<b>9</b>	<b>Taxation</b>	<b>2020</b>	<b>2019</b>
		<b>£</b>	<b>£</b>
	<b>Domestic current year tax</b>		
	U.K. corporation tax	259,975	6,085
	Adjustment for prior years	9,559	-
	<b>Current tax charge</b>	<b>269,534</b>	<b>6,085</b>
	<b>Deferred tax</b>		
	Origination and reversal of timing differences	59,723	(11,963)
		<b>329,257</b>	<b>(5,878)</b>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	1,556,304	(52,050)
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2019 - 19.00%)	295,698	(9,890)
	Effects of:		
	Depreciation add back	156,591	159,148
	Capital allowances	(192,314)	(124,649)
	Dividends and distributions received	-	(18,525)
	Other tax adjustments	9,559	-
		<b>(26,164)</b>	<b>15,974</b>
	<b>Current tax charge</b>	<b>269,534</b>	<b>6,085</b>

# ASPAR PHARMACEUTICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 10 Tangible fixed assets

	Land and buildings Freehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 October 2019	6,915,286	11,283,588	1,630,559	130,051	19,959,484
Additions	-	543,866	43,018	-	586,884
	<u>6,915,286</u>	<u>11,827,454</u>	<u>1,673,577</u>	<u>130,051</u>	<u>20,546,368</u>
At 30 September 2020	6,915,286	11,827,454	1,673,577	130,051	20,546,368
<b>Depreciation</b>					
At 1 October 2019	474,940	8,181,483	1,451,252	83,276	10,190,951
Charge for the year	118,610	512,488	152,954	32,404	816,456
	<u>593,550</u>	<u>8,693,971</u>	<u>1,604,206</u>	<u>115,680</u>	<u>11,007,407</u>
At 30 September 2020	593,550	8,693,971	1,604,206	115,680	11,007,407
<b>Net book value</b>					
At 30 September 2020	<u>6,321,736</u>	<u>3,133,483</u>	<u>69,371</u>	<u>14,371</u>	<u>9,538,961</u>
At 30 September 2019	<u>6,440,346</u>	<u>3,102,103</u>	<u>179,309</u>	<u>46,775</u>	<u>9,768,533</u>

The property is subject to a fixed and floating charge from Barclays Bank dated 28 July 2016.

# ASPAR PHARMACEUTICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

### 11 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 October 2019 & at 30 September 2020	75,000
<b>Net book value</b>	
At 30 September 2020	75,000
At 30 September 2019	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 %
<b>Subsidiary undertakings</b>			
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 2020 £	Profit/(loss) for the year 2020 £
	<b>Principal activity</b>		
Sestri (Sales) Limited	Distributing pharmaceuticals	68,503	4,942

### 12 Stocks and work in progress

	2020 £	2019 £
Raw materials and consumables	1,196,787	958,557
Work in progress	38,057	535,078
Finished goods and goods for resale	473,132	386,452
	<u>1,707,976</u>	<u>1,880,087</u>

# ASPAR PHARMACEUTICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2020

13 Debtors	2020 £	2019 £
Trade debtors	2,457,669	1,975,266
Other debtors	12,770	5,230
Prepayments and accrued income	169,368	167,842
Deferred tax asset (see note 16)	63,900	123,623
	<u>2,703,707</u>	<u>2,271,961</u>

14 Creditors: amounts falling due within one year	2020 £	2019 £
Bank loans and overdrafts	149,138	912,576
Trade creditors	1,181,562	1,581,652
Corporation tax	259,975	6,509
Other taxes and social security costs	423,601	245,122
Directors' current accounts	1,000,000	1,000,000
Accruals and deferred income	114,187	411,854
	<u>3,128,463</u>	<u>4,157,713</u>