

Novartis Europharm Limited

Annual Report

For the year ended 31 December 2020

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# **Novartis Europharm Limited**

## **Annual report for the year ended 31 December 2020**

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# **Novartis Europharm Limited**

## **Strategic Report for the year ended 31 December 2020**

The Directors present the Strategic Report for Novartis Europharm Limited (“the Company”) for the year ended 31 December 2020.

### **Principal activities and business review**

The principal activity of the Company is to provide services to other Novartis Pharma AG group companies.

The Company charges a 5% administration fee in relation to overhead costs it incurs on behalf of other companies within the Novartis Pharma AG group and reported a profit for the year before tax of £16,506 (2019 - £15,596).

As of the date of approval of these financials, there has been no significant impact of COVID-19 on Novartis Europharm Limited’s financial condition or results of operations.

### **Financial key performance indicators**

The Directors do not use KPI’s as a tool in assessing the performance of the Company.

### **Principal risks and uncertainties**

The Directors do not consider there to be any material risks and uncertainties.

### **By order of the Board**

DocuSigned by:  
 **27 SEP 2021**  
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E Fowler  
Director

### **Registered Office:**

2nd Floor,  
The Westworks Building White City Place  
195 Wood Lane, London  
United Kingdom, W12 7FQ

# **Novartis Europharm Limited**

## **Directors' Report for the year ended 31 December 2020**

The Directors present the report and the audited financial statements of the Company for the year ended 31 December 2020.

### **Results**

The results of the Company are set out on page 8.

### **Dividends**

The Directors do not recommend the payment of a dividend.

### **Directors**

The following persons served as directors during the year and subsequently:

Dr S Longman  
Mr G Tougas (Resigned 10/06/2020)  
Mr E Fowler  
Mr H Ahmad (Resigned 01/04/2021)  
Mr J Brooks (Resigned 10/06/2020)  
Mr C Bhatt (Appointed 01/04/2021)

### **Principal risks and uncertainties**

The Directors' assessment of the principal risks and uncertainties is set out in the Strategic Report.

# **Novartis Europharm Limited**

## **Directors' Report for the year ended 31 December 2020 (continued)**

### **Statement of Directors' responsibilities**

The following statement, which should be read in conjunction with the auditor's statement of auditor's responsibilities set out on page 6, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the auditors in relation to the financial statements.

The Directors are required by UK Company law to prepare financial statements for each financial year. Under the law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 as at the end of the financial year and of the profit or loss for the financial period.

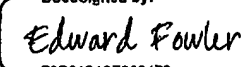
The Directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent estimates have been made in the preparation of the financial statements for the year ended 31 December 2020. The Directors also confirm that applicable accounting standards have been followed and that the financial statements are prepared on the going concern basis.

The Directors are responsible for keeping proper accounting records, 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 confirm that, as far as they are aware, there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware and that they have each taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

In determining how amounts are presented within items in the profit and loss account and balance sheet, the Directors have had regard to the substance of the reported transaction or arrangements, in accordance with generally accepted accounting principles or practice.

### **By order of the Board**

DocuSigned by:  
  
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**27 SEP 2021**

E Fowler

**Director**

**Registered Office:**

2nd Floor, The Westworks Building White City Place  
195 Wood Lane, London  
United Kingdom, W12 7FQ

# **Novartis Europharm Limited**

## **Independent Auditor's Report to the members of Novartis Europharm Limited**

### **Opinion**

We have audited the financial statements of Novartis Europharm Limited ("the Company") for the year ended 31 December 2020, which comprise the Profit and loss account, the Balance sheet, the Statement of Changes in Equity and the related notes, 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 Financial Reporting Standard 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 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 United Kingdom, including the Financial Reporting Council'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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

# **Novartis Europharm Limited**

## **Independent Auditor's Report to the members of Novartis Europharm Limited (continued)**

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Opinion 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 are 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 required to report by exception**

In the light of the 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 Report or the 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.

# **Novartis Europharm Limited**

## **Independent Auditor's Report to the members of Novartis Europharm Limited (continued)**

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 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 but to do so.

### **Auditor's 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Our assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud might occur, is considered to be low. This conclusion was reached after the consideration of the following:

- due to the relatively simple business model and minimal transactions within the Company there are comparatively few unexpected fluctuations in the reported results and balances and any such unexpected items would be specifically enquired into by us; and
- there are a number of individuals which comprise "management" and therefore there is no single individual who is likely to be able to override controls to effect a fraud.

We designed our audit procedures to respond to identified audit risks, including non-compliance with laws and regulations (irregularities) that are material to the financial statements. Some of the specific procedures performed to detect irregularities, including fraud, are detailed below:

## **Novartis Europharm Limited**

### **Independent Auditor's Report to the members of Novartis Europharm Limited (continued)**

- the review of control accounts and journal entries for large, unusual or unauthorised entries;
- the analytical review of the detailed profit and loss account for variances that are either unexpected or considered not to be in accordance with our understanding of the business during the year;
- obtaining and reviewing for completeness a list of entities and persons considered to be related parties (as defined by Financial Reporting Standard 102) and reviewing the ledgers of the Company for previously unreported related party transactions; and
- review of transactions and journals for any indication of fraud or management override.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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 Auditor's 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.

  
Kulwam Nagra (Senior Statutory Auditor)

for and on behalf of  
**Rawlinson & Hunter Audit LLP**

Statutory Auditor

Chartered Accountants  
Eighth Floor  
6 New Street Square  
New Fetter Lane  
London

EC4A 3AQ

Date: 27 September 2021

# Novartis Europharm Limited

## Profit and loss account for the year ended 31 December 2020

	Notes	2020 £	2019 £
Turnover	1,3	130,860	373,520
Net operating expenses		(112,701)	(341,471)
		<u>18,159</u>	<u>32,049</u>
Operating profit	4	18,159	32,049
Group interest payable		(1,653)	(16,453)
		<u>16,506</u>	<u>15,596</u>
Profit on ordinary activities before taxation		16,506	15,596
Tax on ordinary activities	7	(2,853)	(3,183)
		<u>13,653</u>	<u>12,413</u>
Profit for the financial period attributable to shareholders	12	13,653	12,413

There were no gains and losses for 2020 and 2019 other than those included in the profit and loss account.


The notes on pages 11 to 19 form part of these financial statements.

# Novartis Europharm Limited

## Balance sheet at 31 December 2020

	Notes	2020 £	2019 £
<b>Current Assets</b>			
Debtors: Amounts falling due within one year	8	670,198	1,100,438
		<u>670,198</u>	<u>1,100,438</u>
 Creditors: Amounts falling due within one year	9	 (429,687)	 (873,580)
<b>Net current assets</b>		<u>240,511</u>	<u>226,858</u>
<b>Net assets</b>		<u>240,511</u>	<u>226,858</u>
 <b>Capital and reserves</b>			
Called up Share Capital	11	10,000	10,000
Profit and Loss Account	12	230,511	216,858
<b>Equity Shareholder's Funds</b>		<u>240,511</u>	<u>226,858</u>

The financial statements were approved and authorised for issue by the Board of Directors and were signed on its behalf on 27 September 2021 by:

DocuSigned by:  
  
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E Fowler  
 Director

The notes on pages 11 to 19 form part of these financial statements.

# Novartis Europharm Limited

## Statement of changes in equity As at 31 December 2020

	Share capital £	Retained earnings £	Total equity £
At 1 January 2020	10,000	216,858	226,858
<b>Comprehensive income for the year</b>			
Profit for the year	-	13,653	13,653
<b>At 31 December 2020</b>	<b>10,000</b>	<b>230,511</b>	<b>240,511</b>

## Statement of changes in equity As at 31 December 2019

	Share capital £	Retained earnings £	Total equity £
At 1 January 2019	10,000	204,445	214,445
<b>Comprehensive income for the year</b>			
Profit for the year	-	12,413	12,413
<b>At 31 December 2019</b>	<b>10,000</b>	<b>216,858</b>	<b>226,858</b>

The notes on pages 11 to 19 form part of these financial statements.

# **Novartis Europharm Limited**

## **Notes to the financial statements for the year ended 31 December 2020**

### **1 Accounting policies and general information**

#### **General information**

The Company is a private company limited by shares and is incorporated in England. The address of its registered office is 2nd Floor, The Westworks Building White City Place, 195 Wood Lane, London, United Kingdom, W12 7FQ.

#### **Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" and the Companies Act 2006.

The company has taken exemption from presenting a Statement of cash flows in accordance with paragraph 7.1B of FRS 102 as it qualifies as a small entity.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (Note 2).

The following principal accounting policies have been applied:

#### **Going concern**

As of the date of approval of these financials, there has been no significant impact of COVID-19 on Novartis Europharm Limited's financial condition or results of operations. The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and hence consider the adoption of the going concern basis in preparing these financial statements is appropriate.

#### **Turnover**

Turnover is the revenue recognised by the Company in the ordinary course of business, excluding value added tax, in respect of services provided during the year where there is expected to be an inflow of economic benefits to the Company and recoverability is probable.

#### **Interest expense**

Interest expense is recognised in the Profit and Loss Account using the effective interest method.

# **Novartis Europharm Limited**

## **Notes to the financial statements for the year ended 31 December 2020 (continued)**

### **Taxation**

Tax is recognised in the Profit and Loss Account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse. Deferred tax assets and liabilities are not discounted.

### **Operating Leases**

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period of the lease.

### **Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

### **Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

### **Financial instruments**

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non puttable ordinary shares.

# **Novartis Europharm Limited**

## **Notes to the financial statements for the year ended 31 December 2020 (continued)**

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

Debt instruments, like loans and other accounts receivable and payable, are initially measured at present value of the future payments and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out right short term loan not at market rate, the financial asset or liability is measured, initially and subsequently, at the present value of the future payment discounted at a market rate of interest for a similar debt instrument.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

### **Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

# Novartis Europharm Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing the financial statements, management has to make judgements on how to apply the Company's accounting policies and make estimates about the future. No critical judgements have been made in arriving at the amounts recognised in the financial statements and there are no key areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities.

### 3 Analysis of turnover

An analysis of turnover by class of business is as follows:

	2020 £	2019 £
Licence fees recharged	-	269
Overhead costs recharged	130,860	373,251
	<u>130,860</u>	<u>373,520</u>

All of the Company's sales have been made to Europe.

### 4 Operating profit

The Operating profit is stated after charging:

	2020 £	2019 £
Auditors' remuneration	7,596	15,596
Operating lease rentals – land and buildings	(2,134)	91,770

# Novartis Europharm Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 5 Employee information

The Company did not employ anyone during the period (2019 – None) and no employee services provided by Group companies were recharged to the Company (2019 – None).

### 6 Directors' remuneration and key management remuneration

No remuneration was paid to the Directors during the period (2019 - £Nil).

No remuneration was paid to key management during the period (2019 - £Nil).

### 7 Taxation

	2020 £	2019 £
United Kingdom corporation tax at 19% (2019 – 19%)	3,084	3,126
Adjustment in relation to prior year tax	(253)	-
Deferred tax timing differences, origination and reversal (see below)	22	57
	<u>2,853</u>	<u>3,183</u>

#### Factors affecting the charge for the year

Profit on ordinary activities before taxation	16,506	15,596
Tax at 19% (2019 – 19.00%) on profit on ordinary activities	3,135	2,963
Expenses not deductible for tax purposes	-	163
Difference between capital allowances and depreciation	(30)	57
Adjustments to tax charge in respect of prior periods	(253)	-
<b>Total tax charge for the year</b>	<u>2,853</u>	<u>3,183</u>

# Novartis Europharm Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 7 Taxation (continued)

#### Factors that may affect future tax charges

The Company's profits for this financial year are taxed at an effective rate of 19%. A planned increase in the UK corporation tax rate from 19% to 25% for periods commencing after 1 April 2023 was substantively enacted on 10 June 2021 within the Finance Bill 2021. A rate of 19% has therefore been applied to the deferred tax asset at the Balance Sheet date. However, this will increase the company's future current tax charge accordingly and increase the deferred tax.

#### Deferred Tax Asset Note

Movement on deferred taxation balance in the period

	2020 £	2019 £
Opening balance	155	212
Debit to profit and loss account (see above)	(22)	(57)
<b>Closing balance</b>	<b>133</b>	<b>155</b>
Analysis of Deferred Tax Balance		
Differences between capital allowances and depreciation	133	155

### 8 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year</b>		
Amounts due from Group companies	670,065	1,097,788
Prepayments and accrued income	-	2,495
<b>Amounts falling due after more than one year</b>		
Deferred tax asset (Note 7)	133	155
	<b>670,198</b>	<b>1,100,438</b>

# Novartis Europharm Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 9 Creditors - amounts falling due within one year

	2020 £	2019 £
Amounts due to Group companies	416,711	811,652
Other creditors	-	6,792
Current corporation tax	5,784	3,126
Accruals	7,192	52,010
	<u>429,687</u>	<u>873,580</u>

### 10 Financial instruments

	2020 £	2019 £
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	670,065	1,097,788
	<u>670,065</u>	<u>1,097,788</u>
	2020 £	2019 £
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	423,903	870,454
	<u>423,903</u>	<u>870,454</u>

Financial assets measured at amortised cost comprise amounts owed by group undertakings and accrued income.

Financial liabilities measured at amortised cost comprise amounts owed to group undertakings and other creditors and accruals.

# Novartis Europharm Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 11 Called up share capital

	2020	2019 £
<b>Allotted, Issued and fully paid</b>		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

### 12 Profit and loss account

	2020 £
Retained Profits at the start of the year	216,858
Profit for the year	13,653
Retained Profits at end of year	<u>230,511</u>

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

### 13 Ultimate parent undertaking

The Company is a wholly owned subsidiary of Novartis Pharma AG, a company incorporated in Switzerland and itself owned by Novartis AG. The Directors regard Novartis AG as the ultimate parent company and controlling party. Copies of the ultimate parent's consolidated financial statements may be obtained from the following address: The Secretary, Novartis AG, Building S-210, CH-4002 Basle, Switzerland.

### 14 Related parties

The Company has taken advantage of the exemption under FRS 102 from the requirement to disclose transactions between members of a group where the parties to the transaction are wholly owned members of the group.