

Company Registration No. 06993646 (England and Wales)

**APCER LIFE SCIENCES LTD.**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 MARCH 2020**



# APCER LIFE SCIENCES LTD.

## COMPANY INFORMATION

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<b>Directors</b>	Dr V Kacker J F Kiley R N Menon T G Menon T R Menon D R Menon
<b>Company number</b>	06993646
<b>Registered office</b>	3rd Floor One London Square Cross Lanes Guildford Surrey GU1 1UN United Kingdom
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB United Kingdom

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# APCER LIFE SCIENCES LTD.

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2020

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The directors present the strategic report for the year ended 31 March 2020.

#### Fair Review of the Business

The Company is now into its thirteenth year of being in business.

The Company continues to build on its technology enablers, which includes the latest safety database as well as implement measures that enhance productivity. The investments in processes and platforms have enabled us to be fully compliant with the shift in the regulatory framework and successfully navigate the challenges posed by the pandemic. We have continued our close partnership with a technology partner to identify and evaluate avenues through which the group can leverage technology as a business enabler.

Our highly skilled employees are energetic and enthusiastic about the opportunities that lie ahead for the Company and we continue to attract a diverse work force by creating an environment that address aspirations on career growth, learning and enhancing technical competence.

The current year witnessed a revenue increase of 8% over the previous year. The higher topline positively impacted operating profits due to increased operating leverage, with operating profits increasing to £0.5 million (2019: -£0.3 million). The group ended the year with a strong financial position and maintains sufficient liquidity via access to undrawn facilities and an improved cash position on the balance sheet. Going forward we envisage that the business will grow and develop by enhancing the portfolio of services and solutions that we offer to our customers.

#### Principal Risks and Uncertainties

The impact of the coronavirus (COVID-19) is being felt by all businesses around the world. The Company has navigated a broad range of interrelated issues that span keeping our employees safe, shoring-up cash and liquidity, reorienting operations from office premises. Successful implementation of our business continuity plan (BCP) has helped mitigate the risk of disruption to operations as employees transitioned to a remote-working environment in response to the pandemic. Our employees have been able to safely continue working from remote locations.

Consolidation amongst our customers is a risk and measures have been ongoing to cultivate a unified platform to support existing customers and engage with prospective ones. We have partnered with a group based in mainland Europe to mitigate the risks to the group on account of Brexit.

#### Key performance indicators

The key performance indicators of the group are considered to be:

	2020	2019
Turnover	£14,397,929	£13,314,311
Gross profit	£2,003,933	£2,494,372
Gross profit margin	13.9%	18.7%
Operating profit / (loss)	£506,823	(£316,056)

On behalf of the board



Dr V Kacker  
Director

Date: 15 JAN 2021

# **APCER LIFE SCIENCES LTD.**

## **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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The directors present their annual report and financial statements for the year ended 31 March 2020.

#### **Principal activities**

The principal activity of the company during the year was to provide pharmacovigilance consultancy, medical information, medical writing, QPPV and regulatory services to pharmaceutical companies and healthcare organisations.

#### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Dr V Kacker  
J F Kiley  
R N Menon  
T G Menon  
T R Menon  
D R Menon

(Appointed 14 September 2020)

#### **Results and dividends**

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £1,492,829 (2019: £nil) and ordinary dividends still payable amounted to £944,157 (2019: £nil). The directors do not recommend payment of a final dividend.

#### **Qualifying third party indemnity provisions**

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

#### **Directors' Insurance**

The company maintains insurance policies on behalf of all the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

#### **Financial instruments**

##### ***Liquidity risk***

Liquidity risk has been mitigated by putting in place a term loan, appropriate levels of invoice financing and revolving credit facility are also in place to supplement internal cash generation and meet liquidity requirements across the company. Levels of borrowing, debt service cost and cashflow available for debt service are monitored periodically to ensure any liquidity risk is highlighted and addressed.

##### ***Credit risk***

Client receivables are monitored to ensure credit risk is at manageable levels commensurate with our scale of operations.

# **APCER LIFE SCIENCES LTD.**

## **DIRECTORS' REPORT (CONTINUED)**

### **FOR THE YEAR ENDED 31 MARCH 2020**

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#### **Going concern**

The financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date these financial statements have been signed.

The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Group operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Group, the directors are aware of the risks to the business in terms of liquidity and have put in place measures to address these risks. In particular, the Group's lenders remain committed to supporting the business.

To assess the going concern assumption, the Company has prepared and considered trading and cash flow forecasts for the period covering at least 12 months from the date of approval of these financial statements. After having considered the information available to them to the date of signing the financial statements, the Directors are satisfied that the Company remains a going concern.

#### **Disabled persons**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment within the group continues and that the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

#### **Auditor**

RSM UK Audit LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

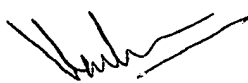
#### **Strategic report**

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of the fair review of the business.

#### **Statement of disclosure to auditor**

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

On behalf of the board



Dr V Kacker  
Director

Date: 15 JAN 2021

# **APCER LIFE SCIENCES LTD.**

## **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 MARCH 2020**

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*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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APCER LIFE SCIENCES LTD.**

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## **Opinion**

We have audited the financial statements of APCER Life Sciences Ltd. (the 'company') for the year ended 31 March 2020 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which 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; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF APCER LIFE SCIENCES LTD. (CONTINUED)**

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### **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 and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate 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.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <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 member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

*RSM UK Audit LLP*

Suneel Gupta FCA (Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor

Chartered Accountants

25 Farringdon Street

London

EC4A 4AB

United Kingdom

15 January 2021



# APCER LIFE SCIENCES LTD.

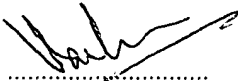
## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

		2020 £	2019 £
	Notes		
Turnover	4	14,397,929	13,314,311
Cost of sales		(12,393,996)	(10,819,939)
Gross profit		2,003,933	2,494,372
Administrative expenses		(1,497,110)	(2,810,428)
Operating profit/(loss)	7	506,823	(316,056)
Interest receivable and similar income	8	179,249	4,285
Interest payable and similar expenses	9	(349,062)	(257,319)
Gain on sale of subsidiary	10	-	13,033,173
Fair value gains and losses on foreign exchange contracts		131,290	-
Profit before taxation		468,300	12,464,083
Tax on profit	11	(66,429)	(35,889)
Profit for the financial year		401,871	12,428,194

**APCER LIFE SCIENCES LTD.****BALANCE SHEET****AS AT 31 MARCH 2020**

	Notes	2020 £	£	2019 £	£
<b>Fixed assets</b>					
Intangible assets	13	171,111		179,520	
Tangible assets	14	24,924		40,380	
Investments	15	6,625		6,625	
		202,660		226,525	
<b>Current assets</b>					
Debtors	17	17,848,765		19,949,916	
Cash at bank and in hand		998,382		142,050	
		18,847,147		20,091,966	
<b>Creditors: amounts falling due within one year</b>	18	(8,566,832)		(7,093,219)	
<b>Net current assets</b>		10,280,315		12,998,747	
<b>Total assets less current liabilities</b>		10,482,975		13,225,272	
<b>Creditors: amounts falling due after more than one year</b>	19	(2,252,182)		(2,961,049)	
<b>Provisions for liabilities</b>	22	(17,264)		(15,579)	
<b>Net assets</b>		8,213,529		10,248,644	
<b>Capital and reserves</b>					
Called up share capital	25	100		100	
Profit and loss reserves	26	8,213,429		10,248,544	
<b>Total equity</b>		8,213,529		10,248,644	

The financial statements were approved by the board of directors and authorised for issue on 15/JAN/2021 and are signed on its behalf by:



Dr V Kacker  
Director

# APCER LIFE SCIENCES LTD.

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 1 April 2018</b>		3,305,778	(5,485,328)	(2,179,550)
<b>Year ended 31 March 2019:</b>				
Profit and total comprehensive income for the year		-	12,428,194	12,428,194
Bonus issue of shares	25	6,500,000	(6,500,000)	-
Cancellation of shares	25	(9,805,678)	9,805,678	-
<b>Balance at 31 March 2019</b>		100	10,248,544	10,248,644
<b>Year ended 31 March 2020:</b>				
Profit and total comprehensive income for the year		-	401,871	401,871
Bonus issue of shares	25	6,800,000	(6,800,000)	-
Dividends	12	-	(2,436,986)	(2,436,986)
Cancellation of shares	25	(6,800,000)	6,800,000	-
<b>Balance at 31 March 2020</b>		100	8,213,429	8,213,529

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies

#### Company information

APCER Life Sciences Ltd. is a private company limited by shares incorporated in England and Wales. The registered office is 3rd Floor One London Square, Cross Lanes, Guildford, Surrey, United Kingdom, GU1 1UN.

The company's principal activities and nature of its operations are disclosed in the Directors' Report.

#### Accounting convention

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

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation certain financial instruments at fair value. The principal accounting policies adopted are set out below.

#### Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Apcer Life Sciences Holding Limited. These consolidated financial statements are available from its registered office, Third Floor One London Square, Cross Lanes, Guildford, Surrey, United Kingdom, GU1 1UN. The company is wholly owned by Apcer Life Sciences Holding Limited.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies (Continued)

#### Going concern

The financial statements have been prepared on the going concern basis as the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for a period of at least 12 months from the date these financial statements have been signed.

The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Group operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Group, the directors are aware of the risks to the business in terms of liquidity and have put in place measures to address these risks. In particular, the Group's lenders remain committed to supporting the business.

To assess the going concern assumption, the Company has prepared and considered trading and cash flow forecasts for the period covering at least 12 months from the date of approval of these financial statements. After having considered the information available to them to the date of signing the financial statements, the Directors are satisfied that the Company remains a going concern.

#### Turnover

Turnover represents amounts invoiced during the year, including group recharges, net of VAT. Turnover is recognised when services are provided.

#### Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Computer software	20% straight line
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The directors are of the view that the company is able to benefit from computer software for a period of no longer than 5 years due to the rate of change in technological advancements.

#### Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings and equipment	20% straight line
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The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies (Continued)

#### **Impairment of fixed assets**

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

#### **Cash and cash equivalents**

Cash and cash equivalents are basic financial instruments and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

#### **Financial instruments**

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, cash and bank balances, and amounts due from fellow group companies are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Impairment of financial assets**

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies (Continued)

#### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Basic financial liabilities***

Basic financial liabilities, including trade and other creditors, bank loans and loans from fellow group companies 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 payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

#### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### ***Derivatives***

The company enters into foreign exchange forward contracts in order to manage its exposure to foreign exchange risk.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting end date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset, whereas a derivative with a negative fair value is recognised as a financial liability.

#### ***Taxation***

The tax expense represents the sum of the current tax expense and deferred tax expense. Current tax assets are recognised when tax paid exceeds the tax payable.

Current and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, when the tax follows the transaction or event it relates to and is also charged or credited to other comprehensive income, or equity.

Current tax assets and current tax liabilities and deferred tax assets and deferred tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

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### 1 Accounting policies (Continued)

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled based on tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised in respect of all timing differences that exist at the reporting date. Timing differences are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in different periods from their recognition in the financial statements. Deferred tax assets are recognised only to the extent that it is probable that they will be recovered by the reversal of deferred tax liabilities or other future taxable profits.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

#### **Retirement benefits**

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### **Leases**

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

#### **Foreign exchange**

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.



# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### *Fair value gain on sale of ALSI Holding Inc*

In the prior year, to calculate the gain on sale the company made use of observable information in determining the appropriate valuation of ALSI Holding Inc. The nature of the estimate is subject to the accuracy of the inputs in determining the fair value at the date of sale such as future expected cash flows and discount rates applied.

#### Provision for doubtful trade debtors

Trade debtors are stated at their nominal value less any appropriate provision for irrecoverable amounts. In determining whether provision is required management are required to make a judgement regarding the overall recoverability of the debtor. In exercising this judgement, consideration is given to specific indicators that the recovery may be in doubt. Calculating the appropriate level of provision against doubtful debts involves a key source of estimation uncertainty, namely estimating the quantum of balances irrecoverable.

### 3 Group reorganisation

The APCER Group was formerly headed by APCER Life Sciences Ltd, a company registered and incorporated in England and Wales. Following a reorganisation of the group during the prior year, the group is now headed by the company, Apcer Life Sciences Holding Limited.

### 4 Turnover and other revenue

An analysis of the company's turnover is as follows:

	2020 £	2019 £
<b>Turnover analysed by class of business</b>		
Pharmacovigilance services	5,148,133	5,405,217
Sales of services to group companies	9,249,796	7,909,094
	<u>14,397,929</u>	<u>13,314,311</u>
	2020 £	2019 £
<b>Other revenue</b>		
Interest income	<u>179,249</u>	<u>4,285</u>

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 4 Turnover and other revenue (Continued)

	2020 £	2019 £
<b>Turnover analysed by geographical market</b>		
United Kingdom	5,148,133	5,405,217
United States of America	9,249,796	7,909,094
	<u>14,397,929</u>	<u>13,314,311</u>

### 5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2020 Number	2019 Number
Compliance	4	5
Administration	1	6
Management	1	4
	<u>6</u>	<u>15</u>

Their aggregate remuneration comprised:

	2020 £	2019 £
Wages and salaries	687,456	1,200,642
Social security costs	221,910	356,773
Pension costs	27,932	9,878
	<u>937,298</u>	<u>1,567,293</u>

### 6 Directors' remuneration

	2020 £	2019 £
Remuneration for qualifying services	228,807	240,000
Company pension contributions to defined contribution schemes	2,193	1,210
	<u>231,000</u>	<u>241,210</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2019: 1).

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 6 Directors' remuneration (Continued)

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

	2020 £	2019 £
Remuneration for qualifying services	228,807	240,000
Company pension contributions to defined contribution schemes	2,193	1,210

### 7 Operating profit/(loss)

	2020 £	2019 £
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange (gains)/losses	(83,234)	19,034
Fees payable to the company's auditor for the audit of the company's financial statements	25,700	24,250
Depreciation of owned tangible fixed assets	15,456	44,598
Amortisation of intangible assets	14,715	31,567
Operating lease charges	76,178	79,750

### 8 Interest receivable and similar income

	2020 £	2019 £
Interest income		
Interest receivable from group companies	179,249	4,285

### 9 Interest payable and similar expenses

	2020 £	2019 £
Interest on bank overdrafts and loans	349,062	257,319

### 10 Other gains and losses fixed asset investments

	2020 £	2019 £
Changes in the fair value of investment properties	-	13,033,173

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 11 Taxation

	2020 £	2019 £
<b>Current tax</b>		
UK corporation tax on profits for the current period	84,103	8,988
Adjustments in respect of prior periods	(25,971)	(6,165)
<b>Total UK current tax</b>	<b>58,132</b>	<b>2,823</b>
Adjustments in foreign tax in respect of prior periods	-	39,802
<b>Total current tax</b>	<b>58,132</b>	<b>42,625</b>
<b>Deferred tax</b>		
Origination and reversal of timing differences	7,264	(6,859)
Changes in tax rates	1,033	-
Adjustment in respect of prior periods	-	123
<b>Total deferred tax</b>	<b>8,297</b>	<b>(6,736)</b>
<b>Total tax charge</b>	<b>66,429</b>	<b>35,889</b>

The total tax charge for the year included in the profit and loss account can be reconciled to the profit before tax multiplied by the standard rate of tax as follows:

	2020 £	2019 £
Profit before taxation	468,300	12,464,083
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2019: 19.00%)	88,977	2,368,176
Tax effect of expenses that are not deductible in determining taxable profit	1,784	109,449
Tax effect of income not taxable in determining taxable profit	(8,578)	(2,476,303)
Adjustments in respect of prior years	(25,971)	(6,165)
Other permanent differences	9,211	-
Deferred tax adjustments in respect of prior years	-	123
Foreign exchange differences	-	807
Foreign tax in excess of UK Tax rate	-	39,802
Deferred tax not recognised	(24)	-
Remeasurement of deferred tax for changes in tax rate	1,030	-
<b>Taxation charge for the year</b>	<b>66,429</b>	<b>35,889</b>

Deferred tax is calculated based on an expected future tax rate of 19% in the UK, effective from 1 April 2020, as this is the rate expected to apply when the majority of the liability or asset is settled.

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 12 Dividends

	2020 £	2019 £
Interim paid	1,492,829	-
Interim payable	944,157	-
Total interim dividends	<u>2,436,986</u>	<u>-</u>

### 13 Intangible fixed assets

	Computer software £
<b>Cost</b>	
At 1 April 2019	982,013
Additions - separately acquired	6,306
At 31 March 2020	<u>988,319</u>
<b>Amortisation and impairment</b>	
At 1 April 2019	802,493
Amortisation charged for the year	14,715
At 31 March 2020	<u>817,208</u>
<b>Carrying amount</b>	
At 31 March 2020	<u>171,111</u>
At 31 March 2019	<u>179,520</u>

The company has intangible assets of £138,000 (2018: £138,000) which are not amortised on the basis that the asset is not currently in use by the company.

Other than intangible assets that are not amortised, computer software has an average remaining useful life of 1 year (2018: 2 years).

The amortisation charge for the year is recognised within administrative expenses.

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 14 Tangible fixed assets

	Fixtures, fittings and equipment £
<b>Cost</b>	
At 1 April 2019 and 31 March 2020	506,373
<b>Depreciation and impairment</b>	
At 1 April 2019	465,993
Depreciation charged in the year	15,456
At 31 March 2020	481,449
<b>Carrying amount</b>	
At 31 March 2020	24,924
At 31 March 2019	40,380

### 15 Fixed asset investments

	Notes	2020 £	2019 £
Investments in subsidiaries	16	6,625	6,625

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 April 2019 & 31 March 2020	6,625
<b>Carrying amount</b>	
At 31 March 2020	6,625
At 31 March 2019	6,625

### 16 Subsidiaries

Details of the company's subsidiaries at 31 March 2020 are as follows:

Name of undertaking	Registered office key	Nature of business	Class of shares held	% Held Direct	Indirect
APCER Life Sciences Limited	1	Pharmacovigilance services	Ordinary	100.00	-
APCER Life Sciences India Limited	2	Pharmacovigilance services	Ordinary	99.99	-

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 16 Subsidiaries (Continued)

Registered Office addresses:

- 1 Unit 1003 Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong
- 2 G-040, Vikas Centre, 106, S.V. Road, Santa Cruz - West, Mumbai - 400054

All subsidiaries have a coterminous accounting reference date with that of the company and prepare accounts to 31 March.

The company has elected not to disclose information about the capital and reserves or profit for the year for its subsidiaries by virtue of being except via section 400 of the Companies Act 2006 from the requirement to prepare group accounts.

### 17 Debtors

	2020 £	2019 £
<b>Amounts falling due within one year:</b>		
Trade debtors	1,697,743	1,774,868
Amounts owed by group undertakings	11,635,140	13,178,629
Derivative financial instruments	114,645	-
Other debtors	849,331	849,331
Prepayments and accrued income	414,114	273,665
	<u>14,710,973</u>	<u>16,076,493</u>
	2020 £	2019 £
<b>Amounts falling due after more than one year:</b>		
Amounts owed by group undertakings	3,137,604	3,866,623
Deferred tax asset (note 23)	188	6,800
	<u>3,137,792</u>	<u>3,873,423</u>
<b>Total debtors</b>	<u>17,848,765</u>	<u>19,949,916</u>

All amounts owed by group undertakings, except an amount receivable from ALSI Holding Inc, a fellow group company, of £3,137,604 (2019: £3,866,623), are interest free and repayable on demand and are presented within Amounts owed by group undertakings falling due within one year.

The loan to ALSI Holding Inc is unsecured, accrues interest at 4.5% per annum and is repayable in March 2024. The borrower has the option to repay the amount earlier.

The deferred tax asset is recoverable in more than one year.

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 18 Creditors: amounts falling due within one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	20	2,507,387	2,940,848
Trade creditors		398,737	474,456
Amounts owed to group undertakings		4,174,861	2,844,531
Corporation tax		67,090	16,633
Other taxation and social security		249,701	281,740
Dividends payable		944,157	-
Accruals and deferred income		224,899	535,011
		<u>8,566,832</u>	<u>7,093,219</u>

Amounts due from group undertakings are interest free and repayable on demand.

### 19 Creditors: amounts falling due after more than one year

	Notes	2020 £	2019 £
Bank loans and overdrafts	20	<u>2,252,182</u>	<u>2,961,049</u>

### 20 Borrowings

	2020 £	2019 £
Bank loans	<u>4,759,569</u>	<u>5,901,897</u>
Payable within one year	2,507,387	2,940,848
Payable after one year	<u>2,252,182</u>	<u>2,961,049</u>



# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 20 Borrowings (Continued)

The above amounts are shown net of any unamortised debt issue costs.

#### Revolving credit facility

The company has a revolving credit facility with Clydesdale Bank Plc and drew down an amount of £Nil (2019: £1,664,100) during the year. An amount of £1,689,771 (2019: £1,664,100) is included within bank loans falling due within one year. This facility is secured in favour of Clydesdale Bank PLC over certain assets of the APCER group. The loan bears interest at a rate which fluctuates in line with LIBOR. At the year end the rate was 4.43% (2019: 4.18%).

#### Facility A

As at the year end the company has an amount of £3,269,811 (2019: £3,882,900) outstanding on its Facility A with Clydesdale Bank Plc. The loan is repayable in quarterly instalments until March 2024 and bears interest at a rate which fluctuates in line with LIBOR. At the year end the rate was 4.29% (2019: 4.18%). This loan is secured via fixed and floating charges, in favour of Clydesdale Bank PLC, over certain assets of the APCER group. Furthermore, the company and the APCER group has given guarantees in respect of certain potential future obligations of Clydesdale Bank PLC.

#### Invoice discounting facility

There is an invoice discounting facility in place. At the year end this consists of a net balance due from the company of £84,463 (2019: £733,640) which is included in bank loans and overdrafts due within one year. This facility is secured by certain trade debtors of the APCER group in favour of Clydesdale Bank PLC.

### 21 Financial instruments

	2020 £	2019 £
<b>Carrying amount of financial assets</b>		
Instruments measured at fair value through profit or loss	114,645	-

### 22 Provisions for liabilities

	Notes	2020 £	2019 £
Deferred tax liabilities	23	17,264	15,579

### 23 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities 2020 £	Liabilities 2019 £	Assets 2020 £	Assets 2019 £
<b>Balances:</b>				
Accelerated capital allowances	17,264	15,579	-	-
Short term timing differences	-	-	188	6,800
	<u>17,264</u>	<u>15,579</u>	<u>188</u>	<u>6,800</u>

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 23 Deferred taxation (Continued)

	2020 £
<b>Movements in the year:</b>	
Liability at 1 April 2019	8,779
Charge to profit or loss	8,297
	<u>          </u>
Liability at 31 March 2020	<u>17,076</u>

The deferred tax asset set out above is expected to reverse within 12 months and relates to short term timing differences. The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

### 24 Retirement benefit schemes

	2020 £	2019 £
<b>Defined contribution schemes</b>		
Charge to profit or loss in respect of defined contribution schemes	27,932	9,878
	<u>          </u>	<u>          </u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

### 25 Share capital

	2020 £	2019 £
<b>Ordinary share capital</b>		
<b>Issued and fully paid</b>		
100 'A Ordinary' shares of £1 each	100	100
	<u>          </u>	<u>          </u>
	100	100
	<u>          </u>	<u>          </u>

During the year, the company issued 6,800,000 'A Ordinary shares' of £1 each via a bonus issue, and immediately after cancelled all 6,800,000 of these shares, in doing so capitalising the company's profit and loss reserves.

'A Ordinary' shares have full voting, dividend and capital distribution rights.

### 26 Profit and loss reserves

Profit and loss reserves for represents cumulative profit and loss net of distributions to owners.

The balance on the profit and loss reserve for the company is fully distributable.

# APCER LIFE SCIENCES LTD.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020

### 27 Operating lease commitments

#### Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2020 £	2019 £
Within one year	52,900	53,167

### 28 Events after the reporting date

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical areas in which the Group operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the Group, to date, the Group has not experienced a significant decline in its operations. The markets or geographic areas in which the Group conducts operations make it reasonably possible that the Group is vulnerable to the risk of a near-term negative impact. The Group considers the emergence and spread of coronavirus to be a non-adjusting post balance sheet event. Given the inherent uncertainties, it is not practicable at this time to determine the impact of coronavirus on the Group or to provide a quantitative estimate of this impact.

### 29 Related party transactions

During the year the Company had the following transactions with related parties:

#### **With non 100% owned fellow subsidiary undertakings:**

- Purchase of goods and services totalling £10,031,618 (2019: £8,594,580)

At 31 March 2020, the amount owed to non 100% owned fellow subsidiary undertakings totalled £2,058,307 (2019: £579,143) and is included in the company financial statements under creditors due within 1 year.

#### **With entities under common control:**

- Management charges of £180,000 (2019: £120,000).

At 31 March 2020, there was a balance due from entities under common control amounting to £849,331 (2019: £743,553), which is included within other debtors.

#### **Other related party transactions:**

During the year, APCER Life Sciences LTD made purchases for services from a related party, being a close family member of a director of the company, totalling £28,080 (2019: £33,020). At the 31 March 2020 APCER Life Sciences LTD owed £Nil (2019: £Nil) to the related party.

# **APCER LIFE SCIENCES LTD.**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2020**

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### **30 Ultimate controlling party**

Apcer Life Sciences Holding Limited is a company registered and incorporated in England and Wales and is the immediate and ultimate parent of the company. Their registered office is Third Floor One London Square, Cross Lanes, Guildford, Surrey, United Kingdom, GU1 1UN.

Apcer Life Sciences Holding Limited is the parent of the smallest and largest group of which the company is a member for which group accounts are prepared. The group accounts can be obtained from Companies House and their registered office.

The ultimate controlling party of the company is R N Menon throughout the current and previous year by virtue of being the majority shareholder