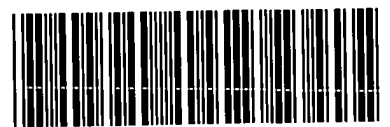


**Almac Pharma Services Limited**  
**Annual report and financial statements**  
**for the year ended 30 September 2020**



WEDNESDAY



JNI 16/06/2021 #20  
COMPANIES HOUSE

# Almac Pharma Services Limited

## Annual report and financial statements for the year ended 30 September 2020

### Contents

	Page(s)
Directors and advisers	1
Strategic report	2 - 5
Directors' report	6 - 7
Statement of directors' responsibilities in respect of the financial statements	8
Independent auditors' report to the members of Almac Pharma Services Limited	9 - 10
Income statement	11
Statement of changes in equity	12
Balance sheet	13
Cash flow statement	14
Notes to the financial statements	15 - 43

## Directors and advisers

### Directors

A D Armstrong  
G McBurney  
C Hayburn  
S Campbell  
K Stephens (resigned 21 January 2020)  
N Harkin

### Company secretary

C Hayburn

### Registered office

Almac House  
20 Seagoe Industrial Estate  
Craigavon  
BT63 5QD

### Solicitors

Pinsent Masons LLP  
Arnott House  
12-16 Bridge Street  
Belfast  
BT1 1LS

### Bankers

Danske Bank  
11 Donegall Square West  
Belfast  
BT1 6JS

### Independent auditors

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Waterfront Plaza  
8 Laganbank Road  
Belfast  
BT1 3LR

## Strategic report for the year ended 30 September 2020

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

### Principal activities

Almac Pharma Services Limited is a private limited company incorporated and domiciled in Northern Ireland. The registered address is detailed on page 1. The company continued to provide product development services and commercial-scale manufacturing and packaging services to the international pharmaceutical, healthcare and biotechnology sectors.

### Review of business and future developments

The business has progressed satisfactorily during the year and the directors are continually investigating techniques to ensure increased efficiency of operations.

### Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks including the competitive market conditions. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the annual report of the parent undertaking, Almac Group Limited, of which Almac Pharma Services Limited is a wholly owned subsidiary.

### Key performance indicators

The directors manage the company's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business of the company. Commentary on the group's performance is provided on page 3 in the annual report of the parent undertaking, Almac Group Limited. Copies of the group financial statements are available from Companies Registry.

### Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

### Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

### Human resources

People are the company's most important resource. Retention of key staff is critical and the company has invested in employment training and development.

### Performance and position

The profit after income tax for the financial year is £8,714,607 (2019: £6,121,173) and its net assets are £50,499,029 (2019: £44,639,409).

### Covid 19

The Covid 19 pandemic has brought disruption to the operations of many businesses including the company. It has also led to an unprecedented level of market volatility and economic uncertainty. These events and conditions have been considered in the preparation of these financial statements, where management has exercised its judgement in the process of applying the company's accounting policies. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

The carrying amounts of the Company's non-financial and financial assets have been assessed to determine whether there is any objective evidence or indication that these assets may be impaired, taking into consideration the conditions existing at the balance sheet date including the impact of the Covid 19 pandemic. There is no material adverse financial impact arising from the assessments carried out by the management.

Strategic report for the year ended 30 September 2020 (continued)

Covid 19 (continued)

As the global Covid 19 situation remains fluid at the date these financial statements were authorised for issue, the company cannot reasonably ascertain the full extent of the probable impact of the Covid 19 disruptions on its operating and financial performance for the financial year ending 30 September 2021.

S172

In accordance with section 172 of the Companies Act 2006 (the Act), each of the company’s directors (both individually and collectively) act in a way in which they actively promote the success of the company for the benefit of its members as a whole and the company’s wider role in the community. The company’s directors take account of, among other matters, the requirements set out in section 172(1) (a) – (f) of the Companies Act 2006 including:

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the company.

The directors of the company acknowledge that the long- and short-term success of the company is dependent upon their engagement with all of its stakeholders including the company’s employees, customers, suppliers, regulators, our parent company and the wider community. The directors are mindful that this engagement is required in order to make informed decisions at board level. As part of the Almac Group, the directors of the company promote and observe their duty under section 172 (1) of the Act, in part, through engagement with and use of the wider governance structure provided by its parent company, Almac Group Limited.

Engagement with Stakeholders

The below table sets out the steps taken by the directors of the company to engage with each of the aforementioned groups, the purpose / aim of that engagement, and the results and benefits of the engagements.

Stakeholder Group	Engagement
<p><b>Employees</b></p> <p>The directors recognise that in order to provide continued long-term success for the company and its stakeholders, the company must provide a happy, balanced and safe work environment. People are Almac’s core asset. Individually and collectively people are critical to the success of our vision. We recognize excellence and acknowledge that to empower our employees, we need to invest in their continuous development.</p>	<ol style="list-style-type: none"> <li>1. Each business unit within Almac hosts monthly Employee Forums whereby employees can directly raise any concerns or issues through nominated representatives with senior management and the directors. Meeting minutes are shared Group-wide and follow up actions are allocated to the relevant Departments in the company.</li> <li>2. Almac grants a range of special recognition awards to employees who demonstrate a commitment to the goals and vision of Almac. These awards include ACE Awards (“Almac Celebrates Excellence”) and Long Service Awards.</li> <li>3. In 2020 Almac made discretionary payments as a direct and tangible response to the valued and committed service of our employees as essential workers through the Covid-19 pandemic.</li> <li>4. The directors arrange a yearly “fun day” across all Almac sites in recognition of our employee’s contribution and in acknowledgement of the importance of positive employee relationships. The fun day did not take place in 2020 due to the Covid-19 pandemic; however, the directors intend to arrange it again in the future when safe to do so.</li> <li>5. Almac operates a Performance Management Programme (PUMP) which facilitates direct and meaningful engagement between employees and line managers. Yearly training goals are set and analysed annually to ensure continued employee progression and one-to-one communication on development.</li> <li>6. The directors appointed a dedicated Pastoral Care Manager to maintain a Pastoral Care Service for employee personal wellbeing. Employees can reach out 24/7 on a confidential basis to discuss any wellbeing issues.</li> </ol>

## Strategic report for the year ended 30 September 2020 (continued)

### Engagement with Stakeholders (continued)

Stakeholder Group	Engagement
<p><i>Customers</i></p> <p>Almac Group provides services to over 600 companies in the pharmaceutical industry. The directors are mindful of the need to actively deliver the company's unique culture of delivering exceptional service solutions for its customers in a manner which is mutually beneficial whilst maintaining a reputation for high standards of business conduct. We are committed to understanding and exceeding our customers' needs and expectations. We build relationships based on integrity, responsiveness and excellent communication.</p>	<ol style="list-style-type: none"> <li>1. Customer surveys are carried out by dedicated teams in Almac HR / Marketing Departments Almac to ensure that Almac's service offering is constantly evolving and stays consistent with our customers' long-term requirements and expectations.</li> <li>2. Almac, through dedicated Quality Assurance Departments across its divisions, facilitates on-site client audits of its worldwide facilities to ensure that customers are confident that Almac performs its services in accordance with all laws and regulatory requirements. In 2020, Almac ensured that remote / online audits were offered to clients to ensure Customer onsite audits and remote audits during the Covid-19 pandemic.</li> <li>3. In 2020, the Directors approved, and Almac's Central Marketing Department carried out a brand awareness survey to ensure that Almac's corporate message to its current and prospective customers is consistent with Almac's long term strategic goals and to receive detailed feedback from these valued customers.</li> <li>4. Almac's Corporate and Legal Affairs Department works very closely with all customers to ensure that the key corporate policies of Almac and its customers (such as anti-bribery, modern slavery, sustainability and environmental policies) are aligned. Almac engages with its customers' Legal Teams on its customers' own policies and, where appropriate, these policies are included in underlying legal agreements with Customers.</li> <li>5. The Directors, through engagement with its own Business Development and Project Teams have established a detailed Project Governance Structure which ensures frequent and meaningful engagement with customers on a more operational / project management level in respect of specific work packages and projects. The individual project governance structure can vary from Customer to Customer however at a high level this includes regular project meetings and KPI reporting.</li> </ol>
<p><i>Suppliers</i></p> <p>The directors of the company recognise that the company's supply chain is an extension of the company's own business. Accordingly, the company aims to maintain a positive and strong relationship with its suppliers and to ensure sufficient controls are in place to ensure the company can continue to provide customer service at a very high level.</p>	<ol style="list-style-type: none"> <li>1. The directors recognise that suppliers to Almac are an extension of Almac's own service offering to its customers. Almac has a culture of fostering long term, quality and cost effective relationships with its suppliers and this is reflected in Almac's extensive Procurement Departments for its business units, each with its own detailed SOPs relevant to its service offering and each of which reports into a Central Procurement Department.</li> <li>2. Almac carries out regular and appropriately detailed audits and inspections of the broad range of suppliers to Almac. Where necessary, Almac works closely with suppliers to ensure all remedial actions are implemented quickly.</li> <li>3. Almac's Corporate and Legal Affairs Department works very closely with the legal teams of its suppliers to ensure that Almac's global policies and policies (such as modern slavery, anti-bribery) are acknowledged and accepted by its suppliers.</li> </ol>

Strategic report for the year ended 30 September 2020 (continued)

Engagement with Stakeholders (continued)

Stakeholder Group	Engagement
<p><i>Community</i></p> <p>Almac is part of the wider community and the directors are conscious that the actions of Almac have a bearing on the community and environment. Almac is committed to minimising its impact on the environment and supporting the community through long term commitments and initiatives.</p>	<ol style="list-style-type: none"> <li>1. The Directors established the Almac Charity Committee, which implements the charitable goals of Almac each year. In addition to discretionary donations to charities chosen by employees and directors, the Charity Committee also supports applications for funding from employees undertaking individual fundraising activities. In 2020, Almac donated funds to local and international charities in recognition of their invaluable impact and in line with our charity and community policies.</li> <li>2. Almac maintains and continually reviews environmental and sustainability policies. Almac has undertaken to meet significant environmental goals including a commitment to monitor and minimise single-use plastics both within its supply chain and for internal use as far as is practicably possible. Almac Group promotes the use of recycled material throughout its business ensuring employees are encouraged to reduce, reuse and recycle all material.</li> <li>3. Almac completes an annual Global HSE Annual Report to demonstrate our approach to minimising risk and ensuring the health and safety of our employees, clients and visitors. In addition, we share details of our waste management and energy usage across our facilities.</li> <li>4. The directors are committed to the fundamental issues facing society. In May 2020, Almac’s CEO reaffirmed the Board’s continued commitment to diversity, non-discrimination and equal opportunity (and its pre-existing underlying policies) in a video message distributed to employees.</li> </ol>
<p><i>Regulators</i></p> <p>The company operates in a highly regulated industry and the directors are mindful of the strict legal and regulatory requirements in relation to which the company must comply.</p>	<p>Each business unit within Almac engages in an open and cooperative way with all of the regulatory bodies, statutory authorities and all other local and international government agencies which governs its respective area of business. Almac is audited and certified as required by law with MHRA, FDA, HPRA and other agencies. Almac has dedicated Quality Assurance Departments to ensure compliance, and such compliance is reported directly to the Board.</p>
<p><i>Parent Company – Almac Group</i></p> <p>The company is a subsidiary of Almac Group Limited and is integrated within the overall governance structure of the Almac Group.</p>	<p>The directors ensure constant engagement between the company and Almac Group Limited on the basis that many of the stakeholder considerations are captured at a Group level. The Almac Group has a robust Group-wide governance framework which includes quarterly board meetings with the directors of Almac Group Limited to report on the performance and goals of the company and to ensure that the company remains fully integrated and committed to the underlying values and policies of the Almac Group.</p>

**Going concern**

The directors of Almac Group Limited have prepared cash flow forecasts for the group for a period of at least twelve months from the date of signing of this report and confirm that adequate funding has been committed by Almac Group Limited, the company’s ultimate parent, to support the company’s operations and planned growth over this period. The directors have received confirmation that Almac Group Limited intend to support the company for at least one year after these financial statements are signed. Consequently, the directors have prepared these financial statements on a going concern basis.

This report was approved by the board and signed on its behalf.

N Harkin  
 Director  
 15 January 2021



## Directors' report for the year ended 30 September 2020

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

### Future developments

The section on future developments, which is detailed in the strategic report, is included in this report by cross reference.

### Financial risk management

The company operates within the competitive conditions of its market place. Regarding credit risk, it is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into. Further commentary is provided in note 2.

### Dividends

The directors do not recommend payment of a dividend (2019: £nil).

### Research and development activities

The company is committed to research and development in the area of product development services. Research carried out in the year was expensed as incurred. No development expenditure was incurred in the year (2019: £nil).

### Directors

The directors who served during the year and up to the date of approval of the financial statements are shown on page 1.

### Employees

The company systematically provides employees with all information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in objectives.

The company is committed to employment policies, which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair considerations to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position with appropriate retraining being given if necessary.

### Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware:

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

**Directors' report for the year ended 30 September 2020 (continued)**

**Independent auditors**

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

This report was approved by the board and signed on its behalf.

A handwritten signature in black ink, appearing to read 'N Harkin', followed by a long horizontal line extending to the right.

N Harkin  
**Director**  
15 January 2021

## Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 .

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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



N Harkin  
Director  
15 January 2021

# Almac Pharma Services Limited

## *Independent auditors' report to the members of Almac Pharma Services Limited*

### Report on the audit of the financial statements

---

#### Opinion

In our opinion, Almac Pharma Services Limited's 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 and cash flows for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 30 September 2020; the income statement, the cash flow statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

---

#### Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

# Almac Pharma Services Limited

## ***Independent auditors' report to the members of Almac Pharma Services Limited (continued)***

### *Strategic Report and Directors' report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' report for the year ended 30 September 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' report.

---

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 8, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

---


## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

  
 Kevin MacAllister (Senior Statutory Auditor)  
 for and on behalf of PricewaterhouseCoopers LLP  
 Chartered Accountants and Statutory Auditors  
 Belfast  
 20 January 2021

## Income statement for the year ended 30 September 2020

	Note	2020 £	2019 £
<b>Continuing operations</b>			
Revenue	4	108,250,644	91,315,765
Cost of sales	5	(74,929,614)	(62,672,981)
Gross profit		33,321,030	28,642,784
Distribution costs	5	(4,718,420)	(4,254,915)
Administrative expenses	5	(16,663,525)	(16,612,880)
Other income		42,912	207,912
<b>Operating profit</b>		<b>11,981,997</b>	<b>7,982,901</b>
Operating profit is analysed as:			
Operating profit before depreciation and amortisation ("EBITDA")		17,914,085	12,048,049
Depreciation of property, plant and equipment		(4,264,234)	(3,900,331)
Depreciation of right of use assets		(1,406,117)	-
Amortisation of intangible assets		(261,737)	(164,817)
Finance income	6	46,664	22,481
Finance costs	6	(762,420)	(439,089)
Finance costs – net	6	(715,756)	(416,608)
<b>Profit before income tax</b>		<b>11,266,241</b>	<b>7,566,293</b>
Income tax charge	8	(2,551,634)	(1,445,120)
<b>Profit for the financial year</b>		<b>8,714,607</b>	<b>6,121,173</b>

The notes on pages 15 to 43 are an integral part of these financial statements.

There is no other comprehensive income for the year (2019: £nil).

## Statement of changes in equity for the year ended 30 September 2020

	Share capital £	Retained earnings £	Total equity £
At 1 October 2018	20,355,000	18,163,236	38,518,236
Profit for the year and total comprehensive income	-	6,121,173	6,121,173
At 30 September 2019 and 1 October 2019	20,355,000	24,284,409	44,639,409
Profit for the year and total comprehensive income	-	8,714,607	8,714,607
Adjustment on the adoption of IFRS16	-	(2,854,987)	(2,854,987)
<b>At 30 September 2020</b>	<b>20,355,000</b>	<b>30,144,029</b>	<b>50,499,029</b>

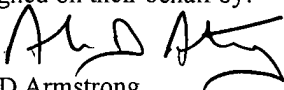
The notes on pages 15 to 43 are an integral part of these financial statements.

## Balance sheet as at 30 September 2020

	Note	2020 £	2019 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	1,236,154	928,082
Property, plant and equipment	10	46,356,025	42,992,352
Right of use assets	11	12,787,741	-
<b>Total non-current assets</b>		<b>60,379,920</b>	<b>43,920,434</b>
<b>Current assets</b>			
Inventories	12	11,440,467	12,308,137
Trade and other receivables	13	22,265,261	24,345,342
Current income tax recoverable		500,239	500,239
Cash and cash equivalents	14	1,213	1,282
<b>Total current assets</b>		<b>34,207,180</b>	<b>37,155,000</b>
<b>Total assets</b>		<b>94,587,100</b>	<b>81,075,434</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	15	4,814,151	14,664,167
Trade and other payables	16	14,104,757	10,957,592
<b>Total current liabilities</b>		<b>18,918,908</b>	<b>25,621,759</b>
<b>Non-current liabilities</b>			
Borrowings	15	13,258,982	61,041
Other non-current liabilities	17	1,119,635	909,968
Deferred income tax liabilities	18	4,379,089	4,148,065
Deferred income	19	6,411,457	5,695,192
<b>Total non-current liabilities</b>		<b>25,169,163</b>	<b>10,814,266</b>
<b>Total liabilities</b>		<b>44,088,071</b>	<b>36,436,025</b>
<b>Equity</b>			
<b>Capital and reserves attributable to owners of the company</b>			
Share capital	20	20,355,000	20,355,000
Retained earnings		30,144,029	24,284,409
<b>Total equity</b>		<b>50,499,029</b>	<b>44,639,409</b>
<b>Total equity and liabilities</b>		<b>94,587,100</b>	<b>81,075,434</b>

The notes on pages 15 to 43 are an integral part of these financial statements.

The financial statements on pages 11 to 43 were authorised for issue by the board of directors on 15 January 2021 and were signed on their behalf by:

  
AD Armstrong  
Director

  
S Campbell  
Director

## Cash flow statement for the year ended 30 September 2020

	Note	2020 £	2019 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	21	23,455,725	4,335,411
Interest paid		(282,730)	(439,089)
Taxation paid		(2,321,088)	-
Net cash generated from operating activities		20,851,907	3,896,322
<b>Cash flows from investing activities</b>			
Purchase of intangible assets		(569,809)	(574,530)
Purchase of property, plant and equipment		(7,627,907)	(4,549,374)
Proceeds from disposal of property, plant and equipment		-	47,500
Capital grants received		1,479,685	583,597
Interest received		46,664	22,481
Net receipts from group undertakings		-	2,076,662
Net cash used in investing activities		(6,671,367)	(2,393,664)
<b>Cash flows from financing activities</b>			
Advances to group undertakings – net		(9,628,232)	(2,158,729)
Repayment of other loans		-	(226,505)
Repayment of IFRS16 lease liability		(2,914,284)	-
New finance lease obligation		-	22,636
Repayment of finance lease obligations		(11,898)	(38,589)
Net cash used in financing activities		(12,554,414)	(2,401,187)
Net increase/(decrease) in cash and cash equivalents		1,626,126	(898,529)
Cash and cash equivalents and overdrafts at beginning of the year		(1,700,509)	(801,980)
Cash and cash equivalents and overdrafts at end of the year	14	(74,383)	(1,700,509)

The notes on pages 15 to 43 are an integral part of these financial statements.

## Notes to the financial statements for the year ended 30 September 2020

### 1 Accounting policies

#### General information

The company's principal activities during the year were as described in the Strategic report. The financial statements are presented in UK pound sterling. Almac Pharma Services Limited is a private limited company incorporated and domiciled in Northern Ireland, United Kingdom. The registered address is detailed on page 1.

The principal accounting policies adopted 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.

#### Basis of preparation

The financial statements of Almac Pharma Services Limited have been prepared on the going concern basis and in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Management has concluded that there are no critical assumptions, estimates or judgements involving a high degree of judgment or complexity which require further disclosure. The company's accounting policies and estimates are detailed below.

#### Going concern

The directors have prepared the financial statements on a going concern basis based on forecasts prepared for a period of 12 months from the date the financial statements were signed.

#### New standards, amendments and interpretations effective in the year to 30 September 2020

The accounting policies set out below are those that the company has adopted in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 for the year ended 30 September 2020.

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 October 2019:

- IFRS 16 Leases;

The Company has changed its accounting policies as a result of adopting IFRS 16. The Company elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 October 2019. Further details on this are found below. The other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

IFRS 16 Leases became mandatorily effective on 1 January 2019. The Company has applied this for the first time in this accounting period which resulted in changes to the accounting policies.

The Company transitioned to IFRS 16 using the modified retrospective approach as follows:

- the lease liability was measured at 1 October 2019 at the present value of the remaining lease payments based on the incremental borrowing rate over the remaining lease term; and
- the right of use asset was measured at 1 October 2019 as if IFRS 16 had been applied from the inception of the lease but using the incremental borrowing rate as at 1 October 2019

The difference in these amounts is recognised as an adjustment to retained earnings on 1 October 2019.

On adoption of IFRS 16, the Company elected to apply the relief provisions available and has not reviewed contracts under the definition of a lease per IFRS 16, which had previously not been classified as leases under the principles of IAS 17. Therefore, only contracts entered into or modified on or after 1 October 2019 have the definition of a lease per IFRS 16 applied.

In addition, the Company decided to apply recognition exemptions to leases with a term not exceeding 12 months and leases where the underlying assets are of low value.

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 1 Accounting policies (continued)

## New standards, amendments and interpretations effective in the year to 30 September 2020 (continued)

For leases classified as operating leases under IAS 17, these lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019. The Company has used the following practical expedients permitted by IFRS 16 when applying this for the first time to leases previously classified as operating leases:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Applied the exemption not to recognise liabilities for leases with less than 12 months of lease term remaining;
- Excluded initial direct costs for the measurement of right-to-use assets at the date of initial application; and
- Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease. Where an extension option is reasonably certain to be exercised, the payments during that extension period have been taken into account when determining the lease liability.

No adjustments are required on transition to IFRS 16 for leases where the Company acts as a lessor, except for a sub-lease. A reassessment of the classification of a sub-lease is required under IFRS 16.

The Company has revised the presentation of operating leases from 30 September 2019 to include operating leases that have been identified during the transition to IFRS 16 as having previously been omitted from the disclosure of operating lease commitments. This resulted in an increase for the year ended 30 September 2019 from £873,613 to £18,427,835.

On transition, £14,186,732 of right-of-use assets and £31,994,000 of lease liabilities were recognised.

	£
Operating lease commitments as originally reported in the financial statements at 30 September 2019	873,613
Operating lease commitments omitted in error from the financial statements at 30 September 2019	17,554,222
Operating lease commitments as restated at 30 September 2019	18,427,835
Operating lease commitments discounted at the incremental borrowing rate	(3,205,794)
Lease liabilities recognised at 1 October 2019	15,222,041

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 October 2019. The weighted average rate applied was 2.1%.

## Standards, amendments and interpretations that are not yet effective and have not been adopted early by the company

The following new standards, new interpretations, and amendments to standards and interpretations that are not yet effective and have not been adopted early by the company:

- IFRS 17 Insurance Contracts (effective 1 January 2021)
- Amendment to IFRS 3 Business Combinations (effective 1 January 2020)
- Amendments to IAS 1 and IAS 8 Definition of material (effective 1 January 2020)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2020)
- Interest Rate Benchmark Reform – phase 2 (Amendments to IFRS 9, IAS 39 and IFRS 7) (effective 1 January 2021)
- Amendments to IFRS 16, 'leases' – Covid 19 related rent concessions (effective 1 June 2020)
- A number of narrow-scope amendments to IFRS 3, IAS 16, IAS 17 and some annual improvements on IFRS 1, IFRS 9, IAS 41 and IFRS 16 (effective 1 January 2022)
- Amendments to IAS 1, Presentation of financial statements' on classification of liabilities (effective 1 January 2022)

Notes to the financial statements for the year ended 30 September 2020 (continued)

1 Accounting policies (continued)

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purposes of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Computer software

The costs of acquiring and bringing computer software in to use are capitalised and amortised on a straight-line basis over the estimated useful economic life of the software which is between three to five years.

Capitalised software development costs include external direct costs of material and services together with direct labour costs relating to software development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

**Notes to the financial statements for the year ended 30 September 2020 (continued)****1 Accounting policies (continued)****Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred. For all assets depreciation is calculated so as to write off the cost less their estimated residual values, on a straight-line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

	%
Buildings	-
Plant and machinery	2
Fixtures and fittings	10
Computer equipment	-
	10
	20

No depreciation is charged on land or the assets under construction. The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included within administrative expenses in the income statement.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets of the company include cash and cash equivalents, trade and other receivables, and favourable derivative financial instruments. Financial liabilities of the company include trade and other payables, borrowings and unfavourable derivative financial instruments.

**Initial recognition and measurement**

Financial assets and liabilities are recognised in the statement of financial position when the company becomes a party to the contractual obligations of the instrument.

The company classifies its financial assets in the following measurement categories:

- i) Those to be measured at amortised costs; and
- ii) Those to be measured subsequently at fair value (either through other comprehensive income or through profit and loss).

The classification depends on the company's business model for managing the financial assets and the contractual terms of the cash flows. The company reclassifies its financial assets when and only when its business model for managing those assets changes.

At initial recognition, the company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Financial liabilities are classified as financial liabilities at fair value through profit or loss, other financial liabilities at amortised cost or as derivatives.

**Notes to the financial statements for the year ended 30 September 2020 (continued)****1 Accounting policies (continued)**

## Initial recognition and measurement (continued)

Financial liabilities are recognised at fair value plus, in the case of financial instruments not at fair value through profit and loss (i.e. loans and receivables and other financial liabilities), transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs directly attributable to financial liabilities which are measured at fair value (i.e. fair value through profit and loss or derivatives) are recognised in the income statement as incurred.

## Subsequent measurement

Subsequent to recognition, financial assets and liabilities are measured according to the category to which they are classified.

(a) Financial assets

Subsequent measurement of financial assets depends on the company's business model for managing those financial assets and the cash flow characteristics of those financial assets. The company only has financial assets classified at amortised cost. These assets are those held for contractual collection of cash flows, where those cash flows represent solely payments of principal and interest and are held at amortised cost. Any gains or losses arising on derecognition is recognised directly in profit or loss.

(b) Financial liabilities at fair value through profit and loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the income statement.

(c) Other financial liabilities

Trade and other payables and borrowings (including amounts due to related parties) are classified as other financial liabilities and are initially measured at fair value, net of transaction costs and subsequently measured at amortised cost using the effective interest rate method (see below).

## Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income and expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as fair value through profit or loss.

## Derecognition

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

**Notes to the financial statements for the year ended 30 September 2020 (continued)****1 Accounting policies (continued)****Impairment of a financial asset**

The company assesses on a forward looking basis, the expected credit losses associated with its debt instruments carried at amortised cost. For trade receivables the company applies the simplified approach permitted by IFRS9, which requires expected lifetime losses to be recognised from the initial recognition of the receivables. For other receivables the company applies the three stage model to determine expected credit losses.

**Fair value of financial instruments**

Fair value amounts disclosed in these financial statements represent the company's estimate of the price at which a financial instrument could be exchanged in an arm's length market transaction between knowledgeable, willing parties who are under no compulsion to act. They are point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Fair value is determined by reference to quoted prices in the most advantageous active market for that instrument to which the company has immediate access. However, where there is no active market for the company's financial instruments, the company determines fair value based on internal or external valuation models, such as stochastic models, option-pricing models and discounted cash flow models. These calculations represent management's best estimates based on a range of methods and assumptions. Since they are based on estimates the fair values may not be realised in an actual sale or immediate settlement of the instruments.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

**Impairment of Non-Financial Assets**

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

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

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

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

**Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

**Cash and cash equivalents**

In the cash flow statement cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

**Notes to the financial statements for the year ended 30 September 2020 (continued)****1 Accounting policies (continued)****Trade and other payables**

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

**Borrowings**

Borrowings are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

**Current and deferred income tax**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. 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.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**Notes to the financial statements for the year ended 30 September 2020 (continued)****1 Accounting policies (continued)****Current and deferred income tax (continued)**

Amounts paid by, or amounts received by, the company in respect of group relief that represent the tax benefit surrendered/received are recorded as an income tax expense/credit in the statement of comprehensive income. Where the amounts paid by, or amounts received by, the company exceed the tax benefit surrendered/received, the excess is recorded directly in equity as a movement in other comprehensive income.

**Grants**

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected useful economic lives of the related assets.

**Share capital**

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

**Research and development tax credits**

Under UK tax legislation introduced in the 2013 Finance Bill research and development credits can be claimed against qualifying research and development expenditure. Where these credits are not expected to be restricted by the PAYE/NI cap included within the legislation then the credit is, in substance, a government grant. The company has elected to treat such credits as a government grant and recognise the credits in the same period as the research and development expenditure arises.

**Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Revenue is shown net of value-added tax. The company has two key revenue streams being (1) the manufacture, packaging and distribution of products to customers and (2) the provision of product development services to customers. The company's performance obligations and revenue recognition policy for each revenue stream is noted below.

**a) Manufacture, packaging and distribution of products**

For contracts for the sale of an individual item, the performance obligation is the acceptance or delivery of the item. For contracts with more than one item, the performance obligation is either:

- i) The acceptance or delivery of each individual item where each item is considered distinct; or
- ii) The acceptance or delivery of the final item where the goods are not distinct.

Revenue is recognised at the point in time when the customer obtains control of the goods which is based on the delivery terms of the contract.

**b) Product development services**

The company engages in a range of project based product development services customers. These services meet the criteria to be recognised over time as the company has the right to payment as the contract progresses.

**Notes to the financial statements for the year ended 30 September 2020 (continued)****1 Accounting policies (continued)****Foreign currency translation**

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in UK pound sterling, which is the company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

**Pension obligations**

The company operates a defined contribution plan for employees whereby the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Leases*****Accounting policy applied until 1 October 2019 (IAS 17)***

Rentals payable under operating leases are charged to the income statement 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 the economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease, except where another systematic basis is more representative of the time pattern on which economic benefits from the leased asset are consumed.

***Accounting policy applied from 1 October 2019 (IFRS 16)******Definition***

A lease is a contract, or a part of a contract, that conveys the right to use an asset or a physically distinct part of an asset ("the underlying asset") for a period of time in exchange for consideration. Further, the contract must convey the right to the Company to control the asset or a physically distinct portion thereof. A contract is deemed to convey the right to control the underlying asset if, throughout the period of use, the Company has the right to:

- Obtain substantially all the economic benefits from the use of the underlying asset, and;
- Direct the use of the underlying asset (e.g. direct how and for what purpose the asset is used)

Where contracts contain a lease coupled with an agreement to purchase or sell other goods or services (i.e., non-lease components), the non-lease components are identified and accounted for separately from the lease component. The consideration in the contract is allocated to the lease and non-lease components on a relative standalone price basis using the principles in IFRS 15.

The Survitec Company predominantly engages in leases for land and buildings, or commercial and motor vehicles. The majority of leases for the Company are located in North America or Europe as a result of the manufacturing and office locations.

**Notes to the financial statements for the year ended 30 September 2020 (continued)****1 Accounting policies (continued)***Accounting policy applied from 1 October 2019 (IFRS 16) (continued)**Initial recognition and measurement*

The Company initially recognises a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments, purchase options at exercise price (where payment is reasonably certain), expected amount of residual value guarantees, termination option penalties (where payment is considered reasonably certain) and variable lease payments that depend on an index or rate.

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the Company's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs.

*Subsequent measurement*

After the commencement date, the Company measures the lease liability by:

- (a) Increasing the carrying amount to reflect interest on the lease liability;
- (b) Reducing the carrying amount to reflect the lease payments made; and
- (c) Re-measuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in substance fixed lease payments or on the occurrence of other specific events.

Interest on the lease liability in each period during the lease term is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest charges are included in finance cost in the income statement, unless the costs are included in the carrying amount of another asset applying other applicable standards. Variable lease payments not included in the measurement of the lease liability, are included in operating expenses in the period in which the event or condition that triggers them arises.

The related right-of-use asset is accounted for using the Cost model in IAS 16 and depreciated and charged in accordance with the depreciation requirements of IAS 16 Property, Plant and Equipment as disclosed in the accounting policy for Property, Plant and Equipment. Adjustments are made to the carrying value of the right of use asset where the lease liability is re-measured in accordance with the above. Right of use assets are tested for impairment in accordance with IAS 36 Impairment of assets as disclosed in the accounting policy in impairment.

*Lease modifications*

If a lease is modified, the modified contract is evaluated to determine whether it is or contains a lease. If a lease continues to exist, the lease modification will result in either a separate lease or a change in the accounting for the existing lease.

The modification is accounted for as a separate lease if both:

- (a) The modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) The consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

If both of these conditions are met, the lease modification results in two separate leases, the unmodified original lease and a separate lease. The Company then accounts for these in line with the accounting policy for new leases. If either of the conditions are not met, the modified lease is not accounted for as a separate lease and the consideration is allocated to the contract and the lease liability is re-measured using the lease term of the modified lease and the discount rate as determined at the effective date of the modification.

For a modification that fully or partially decreases the scope of the lease (e.g., reduces the square footage of leased space), IFRS 16 requires a lessee to decrease the carrying amount of the right-of-use asset to reflect partial or full termination of the lease. Any difference between those adjustments is recognised in profit or loss at the effective date of the modification.

For all other lease modifications which are not accounted for as a separate lease, IFRS 16 requires the lessee to recognise the amount of the re-measurement of the lease liability as an adjustment to the corresponding right-of-use asset without affecting profit or loss.

**Notes to the financial statements for the year ended 30 September 2020 (continued)****1 Accounting policies (continued)**

*Accounting policy applied from 1 October 2019 (IFRS 16) (continued)*

**Sub leases**

If an underlying asset is re-leased by the Company to a third party and the Company retains the primary obligation under the original lease, the transaction is deemed to be a sublease. The Company continues to account for the original lease (the head lease) as a lessee and accounts for the sublease as a lessor (intermediate lessor). When the head lease is a short term lease, the sublease is classified as an operating lease. Otherwise, the sublease is classified using the classification criteria applicable to Lessor Accounting in IFRS 16 by reference to the right-of-use asset in the head lease (and not the underlying asset of the head lease).

After classification lessor accounting is applied to the sublease.

**Share-based payments**

The company issues cash-settled phantom share-based payments to certain employees of the company for their services to the company. The company accounts for these phantom share based payments as cash-settled phantom share-based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities.

The fair values of these payments are measured at each reporting date using professional external valuers, in line with the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

**Critical estimates/judgements**

There are no critical judgements in applying the company's accounting policies and there are no estimates and assumptions that would have a material impact on the financial statements.

**2 Financial risk management****Financial risk factors**

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange risk, interest rate risk, credit risk and liquidity risk. The company has in place a risk management program that seeks to limit the adverse effects on the financial performance of the company by monitoring the foregoing risks.

- (a) Market risk
- (i) Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in UK pound sterling, the company is exposed to foreign exchange risk in the normal course of business. While the company has not used financial instruments to date to hedge foreign exchange exposure, this position is kept constantly under review.

If the US dollar had weakened/strengthened by 10% against the UK pound sterling spot rate on 30 September with all other variables held constant, the financial statements would have been impacted as follows:

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 2 Financial risk management (continued)

	2020		2019	
	Impact on post-tax profits £'000	Impact on equity £'000	Impact on post-tax profits £'000	Impact on equity £'000
US dollar weakens by 10% against UK pound	(88)	(88)	(168)	(168)
US dollar strengthens by 10% against UK pound	108	108	205	205

## (ii) Interest rate risk

The company's interest rate risk arises mainly from amounts owed from and to group undertakings. Borrowings at variable rates expose the company to cash flow interest rate risk.

If average interest rates over the period had increased/decreased by 1% with all other variables held constant, the financial statements would have been impacted as follows:

	2020		2019	
	Impact on post-tax profits £'000	Impact on equity £'000	Impact on post-tax profits £'000	Impact on equity £'000
Interest rates increase by 1%	(120)	(120)	(166)	(166)
Interest rates decrease by 1%	120	120	166	166

## (b) Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The amount of exposure to individual customers is subject to limits, which are reassessed regularly. Credit risk also arises from cash and cash equivalents with banks and financial institutions.

## (c) Liquidity risk

The company projects cash flow requirements as part of its annual budget setting process. Cash requirements are monitored dynamically by the company's ultimate parent undertaking, with resources deployed to the company as required.

## 3 Capital risk management

The company is a subsidiary of Almac Group Limited, their objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. For further details, refer to the report and financial statements for Almac Group Limited.

## 4 Revenue

Revenue is attributable to the company's principal activities carried out in the United Kingdom.

Timing of revenue is as follows:

	2020	2019
	£	£
Point in Time	72,087,151	58,248,589
Over Time	36,163,493	33,067,176
	<b>108,250,644</b>	<b>91,315,765</b>

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 5 Expenses by nature

	2020	2019
	£	£
Changes in inventories of finished goods and work-in-progress	(205,093)	(921,996)
Raw materials and consumables used	27,242,661	24,946,984
Employee benefit expense (note 7)	37,055,694	29,662,345
Depreciation and amortisation	4,525,971	4,065,148
Depreciation on right of use assets	1,406,117	-
Transfer from capital grant reserve (note 18)	(763,420)	(697,583)
Operating lease payments	-	493,209
Profit on disposal of property, plant and equipment	-	(22,747)
Other expenses*	27,049,629	26,015,416
<b>Total cost of sales, distribution costs and administrative expenses</b>	<b>96,311,559</b>	<b>83,540,776</b>

Other expenses of £27,049,629 (2019: £26,015,416) are stated after the deduction of £1,927,651 (2019: £1,264,993) of research and development tax credits.

## Services provided by the auditors and network firms

During the year the company obtained the following services from the auditors at costs as detailed below.

	2020	2019
	£	£
Fees payable to the company's auditors for the audit	19,442	13,420
Fees payable to the company's auditors for other services:		
- grants	-	1,267
- tax services	-	3,675
	<b>19,442</b>	<b>18,362</b>

## 6 Finance costs - net

	2020	2019
	£	£
Interest expense:		
Interest payable to group undertakings	(270,245)	(431,625)
Interest payable on other loans	-	(1,004)
Interest payable on finance leases	(5,952)	(6,460)
Interest payable on IFRS16 lease liabilities	(486,223)	-
Finance cost	<b>(762,420)</b>	<b>(439,089)</b>
Interest income:		
Interest receivable from group undertakings	40,131	22,481
Interest receivable on IFRS16 lease liabilities	6,533	-
Finance income	<b>46,664</b>	<b>22,481</b>
<b>Finance costs – net</b>	<b>(715,756)</b>	<b>(416,608)</b>

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 7 Employees and directors

	2020	2019
	£	£
<b>Staff costs during the year</b>		
Wages and salaries	32,288,447	25,881,114
Social security costs	3,270,315	2,686,955
Other pension costs (note 21)	1,298,329	982,321
Share based payment costs (note 25)	198,603	111,955
	<b>37,055,694</b>	<b>29,662,345</b>

	2020	2019
	Number	Number
<b>Average monthly number of persons employed (including directors) during the year by activity:</b>		
Administration	82	90
Operations	810	694
	<b>892</b>	<b>784</b>

	2020	2019
	£	£
<b>Key management compensation</b>		
Salaries and short term employee benefits	400,642	373,895
Pension costs – defined contribution plans	10,000	10,000
	<b>410,642</b>	<b>383,895</b>

	2020	2019
	£	£
<b>Directors</b>		
Aggregate emoluments	356,932	333,252
Pension costs – defined contribution plans	1,000	10,000
	<b>357,932</b>	<b>343,252</b>

One director (2019: one) has retirement benefits accruing under a defined contribution plan. One director (2019: one) has exercised phantom share options in the year.

	2020	2019
	£	£
<b>Director – highest paid director</b>		
Aggregate emoluments	356,932	333,252
Pension costs – defined contribution plans	1,000	10,000
	<b>357,932</b>	<b>343,252</b>

Directors' remuneration for other directors is borne by other group undertakings. The directors do not believe it is practicable to apportion this amount between their services as directors of the company and their services as directors of fellow group undertakings. Directors remuneration is disclosed in the financial statements of the ultimate parent undertaking.

## Notes to the financial statements for the year ended 30 September 2020 (continued)

**8 Income tax charge**

	2020	2019
	£	£
<b>Current tax</b>		
Current tax on profits for the year	1,759,017	1,329,219
Adjustment in respect of previous periods	(33,140)	(12,403)
<b>Total current tax</b>	<b>1,725,877</b>	<b>1,316,816</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	382,337	135,744
Changes in tax laws and rates	425,359	(14,289)
Adjustment in respect of previous periods	18,061	6,849
<b>Total deferred tax</b>	<b>825,757</b>	<b>128,304</b>
<b>Income tax charge</b>	<b>2,551,634</b>	<b>1,445,120</b>

The tax on the company's profit before tax differs from (2019: differs from) the theoretical amount that would arise using the standard tax rate applicable to profits of the company as follows:

	2020	2019
	£	£
<b>Profit before income tax</b>	<b>11,266,241</b>	<b>7,566,293</b>
Profit before income tax at the UK standard rate of 19% (2019: 19%)	2,140,586	1,437,596
Effects of:		
Expenses not deductible for tax purposes	170,482	159,909
Changes in tax laws and rates	425,359	(14,289)
Capital grants not taxable	(169,714)	(132,541)
Adjustment in respect of previous periods	(15,079)	(5,555)
<b>Income tax charge</b>	<b>2,551,634</b>	<b>1,445,120</b>

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 9 Intangible assets

	Computer software £	Goodwill £	Total £
<b>Cost</b>			
At 1 October 2018	2,001,066	47,008	2,048,074
Additions	574,530	-	574,530
At 30 September 2019	2,575,596	47,008	2,622,604
Additions	569,809		
<b>At 30 September 2020</b>	<b>3,145,405</b>	<b>47,008</b>	<b>3,192,413</b>
<b>Accumulated amortisation</b>			
At 1 October 2018	1,482,697	47,008	1,529,705
Charge for the year	164,817	-	164,817
At 30 September 2019	1,647,514	47,008	1,694,522
Charge for the year	261,737		261,737
<b>At 30 September 2020</b>	<b>1,909,251</b>	<b>47,008</b>	<b>1,956,259</b>
<b>Net book amount</b>			
<b>At 30 September 2020</b>	<b>1,236,154</b>	<b>-</b>	<b>1,236,154</b>
At 30 September 2019	928,082	-	928,082
At 30 September 2018	518,369	-	518,369

Amortisation is included within administrative expenses in the income statement.

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 10 Property, plant and equipment

	Land and buildings £	Plant and machinery £	Fixtures, fittings and computer equipment £	Total £
<b>Cost</b>				
At 1 October 2018	30,609,028	41,741,399	3,607,868	75,958,295
Additions	620,197	3,596,678	422,788	4,639,663
Disposals	-	(163,508)	-	(163,508)
At 30 September 2019	31,229,225	45,174,569	4,030,656	80,434,450
Additions	733,009	6,496,437	398,461	7,627,907
<b>At 30 September 2020</b>	<b>31,962,234</b>	<b>51,671,006</b>	<b>4,429,117</b>	<b>88,062,357</b>
<b>Accumulated depreciation</b>				
At 1 October 2018	4,951,566	26,564,207	2,166,755	33,682,528
Charge for the year	1,072,066	2,488,272	339,993	3,900,331
Disposals	-	(140,761)	-	(140,761)
At 30 September 2019	6,023,632	28,911,718	2,506,748	37,442,098
Charge for the year	1,105,909	2,798,660	359,665	4,264,234
<b>At 30 September 2020</b>	<b>7,129,541</b>	<b>31,710,378</b>	<b>2,866,413</b>	<b>41,706,332</b>
<b>Net book amount</b>				
<b>At 30 September 2020</b>	<b>24,832,693</b>	<b>19,960,628</b>	<b>1,562,704</b>	<b>46,356,025</b>
At 30 September 2019	25,205,593	16,262,851	1,523,908	42,992,352
At 30 September 2018	25,657,462	15,177,192	1,441,113	42,275,767

Depreciation is included within administrative expenses in the income statement.

Assets held under finance leases had the following net book amount:

	Plant and machinery 2020 £	Plant and machinery 2019 £
Cost	-	209,603
Accumulated depreciation	-	(53,630)
<b>Net book amount</b>	<b>-</b>	<b>155,973</b>

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 11 Right of use assets

	Land & buildings £	Plant & machinery £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 30 September 2019	-	-	-	-	-
Arising on the adoption of IFRS 16	13,895,794	62,555	125,064	83,319	14,166,732
Additions	-	-	-	27,126	27,126
<b>At 30 September 2020</b>	<b>13,895,794</b>	<b>62,555</b>	<b>125,064</b>	<b>110,445</b>	<b>14,193,858</b>
<b>Accumulated depreciation</b>					
At 1 October 2019	-	-	-	-	-
Charge for the year	1,284,525	47,377	36,849	37,366	1,406,117
<b>At 30 September 2020</b>	<b>1,284,525</b>	<b>47,377</b>	<b>36,849</b>	<b>37,366</b>	<b>1,406,117</b>
<b>Net book amount</b>					
<b>At 30 September 2020</b>	<b>12,611,269</b>	<b>15,178</b>	<b>88,215</b>	<b>73,079</b>	<b>12,787,741</b>

## 12 Inventories

	2020 £	2019 £
Raw materials	7,322,310	8,395,073
Work in progress	1,181,211	1,815,726
Finished goods	2,936,946	2,097,338
	<b>11,440,467</b>	<b>12,308,137</b>

## Movement in inventory provision

	2020 £	2019 £
At 1 October	1,976,202	1,071,164
Provision for impairment	605,999	905,038
<b>At 30 September</b>	<b>2,582,201</b>	<b>1,976,202</b>

The cost of inventories recognised as an expense and included in cost of sales amount to £27,037,568 (2019: £24,024,988).

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 13 Trade and other receivables

	2020	2019
	£	£
Trade receivables	12,828,409	12,555,154
Less: provision for impairment of trade receivables	(119,657)	(128,779)
Trade receivables (net)	12,708,752	12,426,375
Amounts due from group undertakings (note 26)	5,196,112	6,305,284
Finance lease receivables	128,228	-
Other receivables	1,510,777	1,478,352
Prepayments and accrued income	2,721,392	4,135,331
	<b>22,265,261</b>	<b>24,345,342</b>

The fair values of trade and other receivables are not materially different from their carrying values. For the purposes of IFRS 9 "Financial instruments" all of the company's financial assets are classified as measured at amortised cost.

The company has recognised the following assets relating to contracts with customers (these are all included with accrued income):

	2020	2019
	£	£
Contract assets recognised at start of the period	1,189,830	1,110,116
Revenue recognised in prior periods that was invoiced in the current period	(1,189,830)	(1,110,116)
Amounts recognised in revenue in the current period that will be invoiced in future periods.	1,874,814	1,189,830
<b>Balance at the end of the period</b>	<b>1,874,814</b>	<b>1,189,830</b>

Contract assets are expected to be invoiced in the year to 30 September 2021.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 September and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance as at 30 September 2020 and 1 October 2018 (on adoption of IFRS 9) was deemed to be not materially different to that provision carried under IAS 39. The default rate on receivables is less than 1% in both periods.

The company applies the practical expedient in IFRS 9 (which allows the company to measure impairment using the 12 month Expected Credit Loss model) in respect of amounts owed by group undertakings, for those balances that meet the following requirements:

- it has a low risk of default;
- the counterparty is considered, in the short term, to have a strong capacity to meet its obligations in the near term; and
- the company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the counterparty to fulfil its obligations.

For those balances where there is a higher risk of default the company follows the 3 stage approach within IFRS 9 to determine lifetime expected credit losses.

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 13 Trade and other receivables (continued)

The carrying amount of the company's trade and other receivables are denominated in the following currencies:

	2020	2019
	£	£
<b>Currency</b>		
UK pound	21,153,874	22,551,894
US dollar	1,004,314	1,687,896
Euro	107,073	105,552
	<b>22,265,261</b>	<b>24,345,342</b>

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above.

As of 30 September 2020 trade receivables of £1,725,777 (2019: £2,597,793) were past due but not impaired. These and the other trade receivables relate to a number of large multinational companies for which there is little risk of default.

The aged analysis of these trade receivables is as follows:

	2020	2019
	£	£
Up to two months overdue	1,000,797	1,390,310
More than two months overdue	724,980	1,207,483
	<b>1,725,777</b>	<b>2,597,793</b>

None of these trade receivables have had their terms renegotiated. Movement on the provision for impairment of trade receivables is as follows:

	2020	2019
	£	£
At 1 October	128,779	125,740
Provision for receivables impairment	101,401	107,064
Receivables written off during the year as uncollectable	(20,358)	(104,025)
Unused amounts reversed	(90,165)	-
<b>At 30 September</b>	<b>119,657</b>	<b>128,779</b>

The movement in the provision for impaired receivables has been included in administrative expenses in the income statement.

## 14 Cash and cash equivalents

	2020	2019
	£	£
Cash at bank and in hand	1,213	1,282

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	2020	2019
	£	£
Cash and cash equivalents	1,213	1,282
Bank overdraft (note 15)	(75,596)	(1,701,791)
	<b>(74,383)</b>	<b>(1,700,509)</b>

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 15 Borrowings

	2020	2019
	£	£
<b>Current</b>		
Bank overdraft	75,596	1,701,791
Amounts owed to group undertakings (note 26)	3,293,446	12,921,678
Finance lease obligations	35,509	40,698
Lease liabilities arising from IFRS 16	1,409,600	-
	<b>4,814,151</b>	<b>14,664,167</b>
	2020	2019
	£	£
<b>Non-current</b>		
Finance lease obligations	54,332	61,041
Lease liabilities arising from IFRS 16	13,204,650	-
	<b>13,258,982</b>	<b>61,041</b>

The fair value of both current and non-current borrowings equals their carrying amount as the impact of discounting is not significant.

For the purposes of IFRS 9 “Financial instruments” the financial liabilities noted above are classified as measured at amortised cost.

The carrying amount of the company’s borrowings is denominated in the following currencies:

	2020	2019
	£	£
UK Pound	18,073,133	14,725,208

The effective interest rates at the balance sheet date were as follows:

	2020	2019
	%	%
Bank overdrafts	2.25	2.55
Finance leases	5.65	5.64
Lease liabilities arising from IFRS16	3.23	-

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 15 Borrowings (continued)

## Maturity of financial liabilities

The maturity profile of the carrying amount of non-current borrowings, at 30 September was as follows:

	IFRS16 lease liabilities £	Finance leases £	Total 2020 £
In more than 1 year but not more than 2 years	1,143,746	30,162	1,173,908
In more than 2 years but not more than 5 years	3,499,383	24,170	3,523,553
In more than 5 years	8,561,521	-	8,561,521
	13,204,650	54,332	13,258,982

	Finance leases £	Total 2019 £
In more than 1 year but not more than 2 years	29,176	29,176
In more than 2 years but not more than 5 years	31,865	31,865
	61,041	61,041

The amounts included in the tables below are the contractual undiscounted cash flows of current and non-current borrowings.

	Loans and bank overdrafts £	Amounts owed to group undertakings £	IFRS16 lease liabilities £	Finance leases £	Total 2020 £
In less than 1 year	75,596	3,293,446	1,853,001	39,277	5,261,320
In more than 1 year but not more than 2 years	-	-	1,547,780	32,313	1,580,093
In more than 2 years but not more than 5 years	-	-	4,487,124	25,380	4,512,504
In more than 5 years	-	-	9,446,979	-	9,446,979
	75,596	3,293,446	17,334,884	96,970	20,800,896

	Loans and bank overdrafts £	Amounts owed to group undertakings £	Finance leases £	Total 2019 £
In less than 1 year	1,701,791	12,921,678	45,075	14,668,544
In more than 1 year but not more than 2 years	-	-	31,542	31,542
In more than 2 years but not more than 5 years	-	-	33,195	33,195
	1,701,791	12,921,678	109,812	14,733,281

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 16 Trade and other payables

	2020	2019
	£	£
Trade payables	3,548,442	3,202,731
Amounts owed to group undertakings (note 26)	1,789,206	668,320
Group relief payable	63,748	64,226
Other tax and social security	1,694,776	1,026,973
Other creditors	259,429	206,570
Accruals and deferred income	6,749,156	5,788,772
	<b>14,104,757</b>	<b>10,957,592</b>

The fair values of trade and other payables are not materially different from their carrying values as the impact of discounting is not significant.

For the purposes of IFRS 9 “Financial instruments” the financial liabilities noted above are classified as measured at amortised cost.

The company has recognised the following liabilities relating to contracts with customers (these are all included with deferred income):

	2020	2019
	£	£
Contract liabilities recognised at start of the period	1,169,657	2,126,997
Amounts invoiced in prior periods recognised as revenue in the current period	(609,221)	(1,301,310)
Amounts invoiced in the current period which will be recognised as revenue in later periods	933,878	343,970
<b>Balance at the end of the period</b>	<b>1,494,314</b>	<b>1,169,657</b>

Contract liabilities are expected to be recognised as revenue in the year to 30 September 2020.

There is no difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other payables.

## 17 Other non-current liabilities

	2020	2019
	£	£
Accruals and deferred income	1,119,635	909,968

The fair value of other non-current liabilities equals their carrying amount, as the impact of discounting is not significant.

## Maturity of non-current liabilities

The maturity profile of the carrying value of non-current liabilities at 30 September was as follows:

	2020	2019
	£	£
In more than one year but not more than two years	393,454	311,004
In more than two years but not more than five years	726,181	598,964
	<b>1,119,635</b>	<b>909,968</b>

There is no difference between the amounts shown above and the total contractual undiscounted cash flows of other non-current liabilities.

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 18 Deferred income tax liabilities

The gross movement on the deferred income tax account is as follows:

	2020	2019
	£	£
At 1 October	4,148,065	4,019,761
Charged to the income statement	825,757	128,304
Credited to equity in respect of adoption of IFRS16	(594,733)	-
<b>At 30 September</b>	<b>4,379,089</b>	<b>4,148,065</b>

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Other temporary differences £	Accelerated capital allowances £	Total £
<b>Deferred tax assets/(liabilities)</b>			
At 1 October 2018	185,686	(4,205,447)	(4,019,761)
Credited/(charged) to the income statement	14,289	(135,744)	(121,455)
Adjustment in respect of prior periods	-	(6,849)	(6,849)
At 1 October 2019	199,975	(4,348,040)	(4,148,065)
Credited/(charged) to the income statement	(425,359)	(382,337)	(807,696)
Adjustment in respect of prior periods	-	(18,061)	(18,061)
Credited to equity in respect of adoption of IFRS16	-	594,733	594,733
<b>At 30 September 2020</b>	<b>(225,384)</b>	<b>(4,153,705)</b>	<b>(4,379,089)</b>

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2020	2019
	£	£
Deferred tax assets		
- to be received after more than 12 months	294,290	212,527
Deferred tax liabilities		
- to be received after more than 12 months	(4,673,379)	(4,360,592)
<b>Deferred tax liabilities – net</b>	<b>(4,379,089)</b>	<b>(4,148,065)</b>

## 19 Deferred income

	£
<b>Government and other grants</b>	
At 1 October 2018	5,809,179
Capital grants received during the year	583,597
Released to the income statement	(697,584)
At 1 October 2019	5,695,192
Capital grants received during the year	1,479,685
Released to the income statement	(763,420)
<b>At 30 September 2020</b>	<b>6,411,457</b>

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 20 Share capital

	2020	2019
	£	£
<b>Allotted and fully paid</b>		
20,355,000 (2019: 20,355,000) ordinary shares of £1 (2019: £1) each	20,355,000	20,355,000

## 21 Cash generated from operations

*Cash generated from operations*

	2020	2019
	£	£
Profit before income tax	11,266,241	7,566,293
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	4,264,234	3,900,331
Depreciation of right of use assets	1,406,117	-
Amortisation of intangible assets	261,737	164,817
Profit on disposal of property, plant and equipment	-	(24,753)
Release of deferred income	(763,420)	(697,584)
Finance income	(46,664)	(22,481)
Finance costs	762,420	439,089
Movement in inventories	867,670	(952,478)
Movement in trade and other receivables	2,080,081	(5,835,426)
Movement in trade and other payables	3,357,309	(202,397)
<b>Net cash generated from operations</b>	<b>23,455,725</b>	<b>4,335,411</b>

*Net debt as at 30 September 2020*

	Related parties	Leases	Other	Finance	Subtotal	Cash	Total
	£	IFRS 16	loans	leases	£	£	£
	£	£	£	£	£	£	£
Net debt as at 1 October 2018	(15,080,407)	-	(226,505)	(117,692)	(15,424,604)	(801,980)	(16,226,584)
Cash flows	2,158,729	-	226,505	15,953	2,401,187	(898,529)	1,502,658
<b>Net debt as at 30 September 2019</b>	<b>(12,921,678)</b>	<b>-</b>	<b>-</b>	<b>(101,739)</b>	<b>(13,023,417)</b>	<b>(1,700,509)</b>	<b>(14,723,926)</b>
Recognised on adoption of IFRS 16	-	(17,021,718)	-	-	(17,021,718)	-	(17,021,718)
Cash flows	9,628,232	2,914,284	-	11,898	12,554,414	1,626,126	14,180,540
Acquisitions - leases	-	(27,126)	-	-	(27,126)	-	(27,126)
Other changes	-	(479,690)	-	-	(479,690)	-	(479,690)
<b>Net debt as at 30 September 2020</b>	<b>(3,293,446)</b>	<b>(14,614,250)</b>	<b>-</b>	<b>(89,841)</b>	<b>(17,997,537)</b>	<b>(74,383)</b>	<b>(18,071,920)</b>

## Notes to the financial statements for the year ended 30 September 2020 (continued)

**22 Pension commitments**

The company participates in group defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the group in an independently administered scheme.

Pension costs for the defined contribution scheme are as follows:

	2020	2019
	£	£
Defined contribution scheme	1,298,329	982,321

Amounts owed to the pension scheme as at 30 September 2020 totalled £242,059 (2019: £191,450).

**23 Capital and other financial commitments**

	2020	2019
	£	£
Contracts placed for future property, plant and equipment expenditure not provided in the financial statements	1,696,867	2,496,172

**24 Operating lease commitments - minimum lease payments**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Motor Vehicles	Buildings	Other	Total
	2019	2019	2019	2019
	Restated	Restated	Restated	Restated
	£	£	£	£
No later than one year	36,683	994,976	86,545	118,204
Later than one year and no later than five years	49,994	6,231,701	108,389	6,390,084
Greater than five years	-	10,919,547	-	10,919,547
	86,667	18,146,224	194,934	18,427,835

Operating lease commitments as at 30 September 2019 were £873,613. There were amounts totalling £17,554,222 omitted in error within this disclosure that was noted as part of the transition to IFRS 16. In 2020 the balance has been restated to £18,427,835 as shown above.

**25 Contingent liabilities**

The company is party to an unlimited inter-company cross company guarantee in relation to group banking facilities.

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland if certain conditions are not met. The directors do not anticipate any repayment falling due under the terms on which the grants were received as there are no unfulfilled conditions.

## Notes to the financial statements for the year ended 30 September 2020 (continued)

## 26 Share-based payments

The company operates a phantom share scheme whereby share awards are granted to directors and senior management employees. The share award is granted for £nil consideration, and is conditional on the director or employee continuing in employment for a period of three years from the date the share award is made, which is the first of January following the financial year end. The company accounts for these share awards as cash-settled share-based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities. The fair values of these payments are measured at each reporting date using professional external valuers, in line with the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

Share awards are exercisable from the first of January, three years following the award date. The share award is exercisable at the share price as determined by professional qualified valuers at the end of financial year when the share is exercisable and all share awards are cash settled.

The fair value of each share award granted and the assumptions used in the calculation are as follows:

Grant date	2020	2019
Share price at grant date	£1.023	£0.905
Number of employees	13	13
Share awards	228,402	244,906
Vesting period (years)	4	4
Option life (years)	4	4
Expected life (years)	4	4
Dividend yield	Nil	Nil
Risk free interest rate	5.0%	5.0%
Fair value	£1.023	£0.905

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £1.023 (2019: £0.905). The significant inputs into the model were the share price at grant date, exercise price, dividend yield, risk free interest and expected option life as shown above.

**Notes to the financial statements for the year ended 30 September 2020 (continued)****26 Share based payments (continued)**

Movements in the number of share awards outstanding are as follows:

	2020	2019
	Number	Number
Outstanding at the beginning of the financial year	557,129	535,965
Granted	228,402	244,906
Forfeited	-	(23,581)
Exercised	(168,696)	(200,161)
Outstanding at the end of the financial year	616,835	557,129
Exercisable at 1 January 2020/2019	151,302	168,696

The weighted average share price of share awards exercised in the year was £1.023 (2019: £0.905). Share awards outstanding at the end of the year have the following expiry dates:

	2020	2019
	Number	Number
2019	-	168,696
2020	151,302	151,302
2021	237,131	237,131
2022	228,402	-
	616,835	557,129

The total expense recognised in the income statement was £198,603 (2019: £111,955). The year-end liability is £714,005 (2019: £584,564).

**27 Ultimate controlling party and related party transactions**

The immediate parent undertaking of the company at 30 September 2020 was Almac Group (UK) Limited.

The ultimate parent undertaking and the largest and smallest group of undertakings of which the company is a member and for which group financial statements are prepared is Almac Group Limited, a company incorporated in Northern Ireland. The registered office of Almac Group Limited is Almac House, 20 Seagoe Industrial Estate, Craigavon, BT63 5QD. Copies of the group financial statements are available from Companies Registry.

At the balance sheet date, the ultimate controlling parties are A D Armstrong, S Campbell, and C Hayburn.

Companies within Almac Group Limited are related parties of Almac Pharma Services Limited.

**Notes to the financial statements for the year ended 30 September 2020 (continued)****27 Ultimate controlling party and related party transactions (continued)**

Transactions entered into during the year and year end balances with companies within Almac Group Limited were as follows:

	2020	2019
	£	£
Sales to group undertakings	29,789,561	28,306,453
Purchases from group undertakings	(1,464,525)	(3,312,074)
Management charge	(8,839,901)	(7,066,451)
Interest receivable from group undertakings	40,131	22,481
Interest payable to group undertakings	(270,245)	(431,625)
Amounts owed by group undertakings	5,196,112	6,305,284
Amounts owed to group undertakings	(5,082,652)	(13,589,998)
Group relief payable	(63,748)	(64,226)

Details of amounts owed by and to group undertakings are disclosed in notes 12, 14 and 15 respectively.

Details of interest payable and receivable on balances held with related parties are disclosed in note 6.

**28 Approval of financial statements**

The directors approved these financial statements for issue on