Octapharma Limited

Annual report and financial statements

Registered number 02372699

31 December 2018

Contents

Strategic report

Business review

Octapharma Limited ("the Company") is a wholly owned subsidiary of Octapharma AG. It is a Commercial organisation that imports plasma derived pharmaceutical products from its parent company and promotes and sells them within the UK.

The strategic aims of the Company are:

- To become a commercial partner of choice with the NHS through commercial and contractual activities.
- To recruit and retain a highly skilled and motivated workforce through excellence in recruitment, training, personal development and employee engagement.
- To embed the customer into the centre of the culture of the business through our understanding of customer needs.
- To underpin our business with effective management practices that drive effective and efficient ways of working.

The Company continues to develop the business with new and existing customers through the provision of high quality service and products, competitive tendering, excellence in customer service, and through the introduction of new innovative products.

The Company operates within a specialised pharmaceutical sector, where it is considered to be a medium sized company in the UK. Most plasma based companies have a similar product range with some specific differences and compete in similar ways for market share. There have been a number of new entrants into the market which has affected the competitive landscape. The environment remains challenging due to fluctuations in product supply across the whole market in some therapy areas, which should decrease in the coming years due to the increased number of market participants. Looking forward, Octapharma anticipates maintaining a stable market position.

Financial performance and key performance indicators

Revenue generated in 2018 increased annually by 12% to £56,086,831 (2017: £50,004,655). This sales increase was across a range of products.

Octapharma Limited generates over 95% of business through commercial tenders. Whilst they offer great opportunities to the business, they also give periods of risk due to potentially unforeseen tender outcomes. This risk is mitigated by intensive market analysis and a dedicated commercial operations team, but remains a real threat to the business.

Due to the nature of manufacturing biological products, along with all manufacturers, the Company remains at risk of product production failure, which can impact on the market position if supply is interrupted. This is not anticipated in 2018, but is an ever present risk in this sector.

Cost of sales as a percentage of overall sales has remained steady, and will continue into 2019, delivering profit in line with group and shareholder expectations.

Profit for the year was £1,591,525 (2017: £1,408,096).

Strategic report *(continued)*

Financial performance and key performance indicators

Overall, the Company achieved its objectives in 2018 and has set realistic targets for 2019 that will not only deliver the financial objectives for this year, but also underpin critical activities that will lead to further growth in the coming years.

Key performance indicators

	2018	**2017**
Revenue growth	12%	8%
Growth in profit before tax	12%	5%
Return on capital employed	29%	34%

ROCE is calculated by dividing net operating profit by the total shareholders' funds.

Principal risks and uncertainties

Competitive risk

The major risk to trading volumes is the increasing trend for NHS national contracting which can exclude large volumes of product if the Company is not a successful bidder. Pressure on NHS spending poses a risk but this is minimised by the necessity for critical products from within the Company's portfolio. There have been new market entrants in 2018 and this has led to increased competition in some commercial tenders.

Pharmaceutical pricing

The Department of Health have implemented changes to the Statutory Pharmaceutical Price Regulation Scheme (SPPRS) which controls the prices of brand medicines (from April 2018). The impact of this is not anticipated to be significant in 2019 due to exemptions from payments for any product procured through an existing tender (prior to April 2018) but this will be a cost to the business from 2020 onwards, when many tenders will have reached their full term and products will no longer be exempt.

Brexit

The uncertainty around the business environment poses a risk to the pharmaceutical industry due to the close integration with European authorities for the regulations and standards, and the free movement of product from the European manufacturing base. If the UK withdraws from the European Union as planned on March 29th 2019 the outcomes are unknown, however it is likely to affect product distribution into the country and a small increase in operating costs as a result of new regulations and procedures. Based on a possible no deal scenario the Company have initiated a Brexit risk mitigation plan which includes holding additional buffer stock in the distribution centre, in line with Department of Health requirements and importation contingency plans through alternative ports, due to risk of delays through existing channels. The Department of Health are looking to prioritise certain product categories of medicines through customs where transportation maybe more complex or where patient lives are dependent on them. Octapharma products may fit into this category due to the cold chain distribution and the inability to air freight into the country and certain indications within licenses.

Foreign currency risk

The Company purchases are predominantly from Europe and sales are wholly within the United Kingdom. This generates an exposure to movements in foreign exchange rates; however the Company mitigates this risk by receiving invoices in sterling for the majority of its purchases.

Price risk

The directors recognise that the company is currently exposed to some potential price risk, as the majority of the business is involved in tender activity, in an increasingly price sensitive market.

Strategic report *(continued)*

Quality risk

Quality risks associated with products purchased from group have been further reduced by investment in new technologies and the continuing development of state of the art manufacturing plants. Potential quality incidents remain a risk for all biological agents.

Regulatory risk

Both Octapharma Ltd and its supplier Octapharma AG operate in a highly regulated environment and are subject to audits from competent authorities. Meeting the required standards is essential to the Company.

Operational risk

The Company considers the key operational risks to be associated with stock holding, distribution, and supply. This has been evaluated and the directors considered the risk level to be minimal.

Liquidity and going concern risk

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out above. We do not anticipate any impact on the company's ability to continue to trade from Brexit, there will be additional administration relating to importing procedures which will be absorbed by the existing infrastructure.

By order of the board

C Marguerre
Director
28 February 2019

The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2018.

Principal activities

The principal activity of the Company is that of a sales and marketing organisation involved in the promotion of biological, and recombinant materials.

Performance

The directors remain optimistic about the Company's future trading prospects. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Directors

The directors who held office during the year were as follows:

W Marguerre
C Marguerre

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Auditor

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board

C Marguerre
Director

28 February 2019

The Zenith Building
26 Spring Gardens
Manchester
M2 1AB

Statement of directors' responsibilities in respect of the Strategic report, the Directors' report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG LLP
1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Octapharma Limited

Opinion

We have audited the financial statements of Octapharma Limited ("the company") for the year ended 31 December 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, the Balance Sheet and the Statement of Changes in Equity and Related Notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

The impact of uncertainties due to Britain exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of assets and liabilities, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

Independent auditor's report to the members of Octapharma Limited *(continued)*

Going concern *(continued)*

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and Directors' report

The directors are responsible for the Strategic report and the Directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic report and the Directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic report and the Directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

lw

Independent auditor's report to the members of Octapharma Limited *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Antony Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One St. Peters' Square
Manchester
M2 3AE
28 February 2019

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2018

	Notes	2018	2017
		£	£
Turnover	1	56,086,831	50,004,655
Cost of sales		(50,686,723)	(44,842,642)
Gross profit		5,400,108	5,162,013
Distribution costs		(520,548)	(444,422)
Administrative expenses		(2,926,790)	(2,970,810)
Other operating income		10,261	983
Operating profit		1,963,031	1,747,764
Profit on ordinary activities before taxation		1,963,031	1,747,764
Tax on profit on ordinary activities	4	(371,506)	(339,668)
Profit for the financial year		1,591,525	1,408,096
Other comprehensive income for the year		-	-
Total comprehensive income for the financial year		1,591,525	1,408,096

The accompanying notes on pages 12 - 21 form part of the financial statements.

Balance Sheet
at 31 December 2018

	Notes	2018 £	£	2017 £	£
Fixed assets	*5*		108,192		55,654
Current assets					
Stocks	*6*	4,597,741		4,524,419	
Debtors	*7*	5,624,838		8,754,482	
Cash at bank and in hand	*8*	573,672		836,369	
		10,796,251		14,115,270	
Creditors: amounts falling due within one year	*9*	(4,203,622)		(8,911,736)	
Net current assets		6,592,629		5,203,534	
Total assets less current liabilities			6,700,821		5,259,188
Creditors: amounts falling due after more than one year	*10*	(15,772)		(165,663)	
Net assets			6,685,049		5,093,525
Capital and reserves					
Called up share capital	*12*		350,000		350,000
Profit and loss account			6,335,049		4,743,525
Shareholders' funds			6,685,049		5,093,525

These financial statements were approved by the board of directors on 28 February 2019 and were signed on its behalf by:

C Marguerre
Director

Company registered number: 02372699

The accompanying notes on pages 12 to 21 form part of the financial statements.

Statement of Changes in Equity

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 January 2017	350,000	10,335,428	10,685,428
Total comprehensive income for the period			
Profit for the period	-	1,408,096	1,408,096
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	1,408,096	1,408,096
Dividend paid	-	(7,000,000)	(7,000,000)
Balance at 31 December 2017	350,000	4,743,524	5,093,524
Balance at 1 January 2018	350,000	4,743,524	5,093,524
Total comprehensive income for the period			
Profit for the period	-	1,591,525	1,591,525
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	1,591,525	1,591,525
Dividend paid	-	-	-
Balance at 31 December 2018	350,000	6,335,049	6,685,049

The accompanying notes on pages 12 to 21 form part of the financial statements.

Notes
(forming part of the financial statements)

1 Accounting policies

Octapharma Ltd is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework ("FRS 101")*. The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Octapharma AG includes Octapharma Ltd in its summary financial statements. The summary financial statements of Octapharma AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from www.octapharma.com.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Disclosures in respect of the compensation of key management personnel

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Measurement convention

The financial statements are prepared on the historical cost. Non-current assets and disposal groups held for sale are stated at the lower of previous carrying amount and fair value less costs to sell.

1.2 Going concern

These financial statements have been prepared under the Going Concern principle, which the directors believe to be appropriate. The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report. In addition, the Strategic report includes the company's objectives, details of financial instruments and its exposure to credit risk and liquidity risk. The company has considerable financial resources to continue to meet the demands of the business, for a period of 12 months from the date of signing these accounts. As a consequence, the directors believe that the group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future and have accordingly continued to adopt the going concern basis in preparing the annual reports.

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

1.4 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost less estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	term of the lease
Office equipment	-	5 years
Fixtures and fittings	-	2-5 years
Motor vehicles	-	4-5 years

1.5 Stocks

Stocks are stated at the lower of cost and net realisable value.

1.6 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.7 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

1.8 Turnover

Turnover represents amounts invoiced by the company in respect of the sale of biological materials during the year, excluding value added tax. Goods were supplied entirely within the United Kingdom. As such the company has one geographical and one business segment only.

Other operating income represents amounts invoiced by the company to its ultimate parent undertaking in respect of the provision of services to a fellow subsidiary.

1.9 Expenses

Operating lease payments

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Notes *(continued)*

1 Accounting policies *(continued)*

1.10 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes *(continued)*

2 Expenses and auditor remuneration

Auditor's remuneration:

	2018 £	2017 £
Audit of these financial statements	20,000	20,000
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	6,000	6,000

3 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees 2018	2017
Management	2	2
Administration	4	5
Sales and marketing	13	15
	19	22

The aggregate payroll costs of these persons were as follows:

	2018 £	2017 £
Wages and salaries	1,543,864	1,507,839
Social security costs	268,076	204,302
Contributions to defined contribution plans	135,844	131,571
	1,947,784	1,843,712

The directors are remunerated for their service through another group company.

Defined contribution plans

The Company operates a defined contribution pension plan.

The total expense relating to these plans in the current year was £146,947 *(2017: £131,078)*.

Notes *(continued)*

4 Taxation

Recognised in the profit and loss account

	2018		2017	
	£	£	£	£
UK corporation tax				
Current tax on income for the period	348,429		348,838	
Total current tax		348,429		348,830
Deferred tax:				
Origination and reversal of temporary differences	23,077		(9,176)	
Recognition of previously unrecognised tax losses	-		6	
Total deferred tax		23,077		(9,162)
Tax on profit on ordinary activities		371,506		339,668

Reconciliation of effective tax rate

	2018	2017
	£	£
Profit for the year	1,591,525	1,408,096
Total tax expense (including tax on discontinued operations)	371,506	339,668
Profit excluding taxation	1,963,031	1,747,764
Tax using the UK corporation tax rate of 19% (2018: 19.25%)	372,976	336,384
Reduction in tax rate on deferred tax balances		
Non-deductible expenses	1,244	2,072
Under / (over) provided in prior years	(2,714)	1,212
Total tax expense (including tax on discontinued operations)	371,506	339,668

Factors affecting the tax charge in future years

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2016) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2016. The deferred tax at the balance sheet date has been calculated based on these rates. An additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2017. This will reduce the company's future current tax charge accordingly and reduce the deferred tax asset.

Notes *(continued)*

5 Tangible fixed assets

	Land and buildings £	Plant and equipment £	Fixtures & fittings £	Asset Under Const'n £	Total £
Balance at 1 January 2018	136,221	140,430	206,457	-	483,108
Adjustment	-	9,765	(9,765)	-	-
Additions	-	13,276	-	73,340	86,616
Disposals	-	-	-	-	-
Balance at 31 December 2018	136,221	163,471	196,692	73,340	569,724
Depreciation and impairment					
Balance at 1 January 2018	135,085	104,969	187,400	-	427,454
Depreciation charge for the year	1,136	30,406	2,536	-	34,078
Disposals	-	-	-	-	-
Balance at 31 December 2018	136,221	135,375	189,936	-	461,532
Net book value					
At 1 January 2018	1,136	35,461	19,057	-	55,654
At 31 December 2018	-	28,096	6,756	73,340	108,192

6 Stocks

	2018 £	2017 £
Finished goods	4,597,741	4,524,419
	4,597,741	4,524,419

7 Debtors

	2018 £	2017 £
Trade debtors	5,435,990	8,560,607
Amounts owed by group undertakings	-	1,214
Other debtors	25,285	29,720
Deferred tax assets (see note 11)	1,907	24,984
Prepayments and accrued income	161,656	137,957
Due within one year	5,624,838	8,754,482

Notes *(continued)*

8 Cash and cash equivalents/ bank overdrafts

	2018	2017
	£	£
Cash at bank and in hand	573,672	836,369
Cash and cash equivalents	573,672	836,369

9 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	165,626	188,540
Amounts owed to group undertakings	3,412,270	8,072,447
Corporation tax	148,429	178,838
Taxation and social security	50,828	75,765
Other creditors	149,836	120,850
Accruals and deferred income	276,633	275,296
	4,203,622	8,911,736

10 Creditors: amounts falling after more than one year

	2018	2017
	£	£
Accruals and deferred income	15,772	165,663
	15,772	165,663

Notes *(continued)*

11 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2018	2017	Liabilities 2018	2017	Net 2018	2017
	£	£	£	£	£	£
Tangible fixed assets	(774)	(3,179)	-	-	(774)	(3,179)
Provisions	2,681	28,163	-	-	2,681	28,163
Net tax (assets) / liabilities	1,907	24,984	-	-	1,907	24,984

Movement in deferred tax during the year

	1 January 2018	Recognised in income	31 December 2018
	£	£	£
Tangible fixed assets	(3,179)	2,405	(774)
Employee benefits	28,163	(25,482)	2,681
	24,984	(23,077)	1,907

Movement in deferred tax during the prior year

	1 January 2017	Recognised in income	31 December 2017
	£	£	£
Tangible fixed assets	(6,083)	2,904	(3,179)
Employee benefits	21,905	6,258	28,163
	15,822	9,162	24,984

Notes *(continued)*

12 Capital and reserves

Share capital

	2018 £	2017 £
Allotted, called up and fully paid:		
350,000 ordinary shares of £1 each	350,000	350,000
Shares classified as shareholders' funds	350,000	350,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

13 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2018 £	2017 £
Less than one year	122,613	-
Between one and five years	480,232	-
More than five years	-	-
	602,845	-

14 Related parties

During the year, the following transactions were made with Octapharma AG, the ultimate parent company:

	Receivables outstanding 2018 £	2017 £	Creditors outstanding 2018 £	2017 £
Parent	-	1,214	3,412,270	8,072,447
	-	1,214	3,412,270	8,072,447

	Purchases from 2018 £	2017 £
Parent	48,025,012	44,742,386
	48,025,012	44,742,386

Notes *(continued)*

15 Ultimate parent company and parent company of larger group

The company is a subsidiary of Octapharma AG, a company incorporated in Switzerland.

The largest and smallest group in which the results of the company are consolidated is that headed by Octapharma AG. The summary consolidated financial statements of Octapharma AG are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from www.octapharma.com.

The registered address of Octapharma AG is Octapharma AG, Seidenstrasse 2, 8853 Lachen, Switzerland.