BESPAK EUROPE LIMITED ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE 11 MONTH PERIOD ENDED 31 December 2020

Registered Number: 03515896

Contents

BESPAK EUROPE LIMITED

Officers and advisors

Directors	Keyvan Djamarani Jonathan Glenn (resigned 4 February 2020) Paul Hayes (resigned 4 February 2020) Thomas Eldered (appointed 4 February 2020, resigned 15 March 2021) Mark Quick (appointed 4 February 2020) Jean-Francois Hilaire (appointed 1 September 2020)
Secretary	Andrew Jackson (resigned 30 April 2020)
Registered office	Bergen Way North Lynn Industrial Estate King's Lynn Norfolk PE30 2JJ England
Registered number	03515896
Independent auditor	Ernst & Young LLP Cowley Rd Cambridge CB4 0WZ United Kingdom
Bankers	National Westminster Bank Plc 4 Tuesday Market Place King's Lynn Norfolk PE30 1YY

Strategic report

The directors present their Strategic report for the 11 month period ended 31 December 2020.

Principal activities

The principal activities of the Company are the design, development, manufacture and sale of drug delivery technologies and services to the pharmaceutical industry.

Review of business

The Company is increasing the breadth of its offering in the metered dose inhaler ("MDI") market to consolidate its position as a market leader. This increased offering includes the development of new dose counters and other services. It is also engaged with major pharmaceutical companies to develop dry powder inhaler ("DPI") technologies for mass manufacture, and in the manufacture of injectable devices.

The key performance indicators of the business are as follows:

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Revenue	**127,624**	86,995
Profit before tax	**19,013**	14,779
Net assets	**106,171**	87,119
Headcount (Number)	**926**	755

Growth in revenue, profit after tax and net assets are anticipated to continue to grow as the business further expands its portfolio and invests in current platforms. The increase in headcount noted above is reflective of the increased activity and financial performance.

Strategic report

Principal risks and uncertainties

The directors recognise that a prudent and robust approach to risk mitigation must be carefully balanced with a degree of flexibility so that the entrepreneurial spirit which has greatly contributed to the success of the Company is not inhibited.

The directors remain satisfied that the Company's internal risk control framework continues to provide the necessary element of flexibility without compromising the integrity of risk management and internal control systems.

Risks are reviewed on an ongoing basis and are measured against a defined set of likelihood and impact criteria. This is captured in consistent reporting formats enabling the directors to review and consolidate risk information and summarise the principal risks and uncertainties facing the Company. Wherever possible, action is taken to mitigate, to an acceptable level, the potential impact of identified principal risks and uncertainties. It its noted that the overall risk environment remained largely unchanged throughout the period under review compared to its comparative period.

The principal risks and uncertainties affecting the Company are highlighted below, together with details on how the directors take action to mitigate each risk. These risks and uncertainties do not comprise all of the risks that the Company may face and are not necessarily listed in any order of priority.

The directors have taken into consideration the principal risks and uncertainties in the context of determining whether to adopt the going concern basis of preparation and when assessing the future prospects of the Company.

Risk	Mitigation
CUSTOMERS	
For our business to grow organically, we are reliant on securing and retaining a diverse range of customers. A reliance on any one particular customer or group of customers may present a risk to the future cash flows of the Company should they not be retained. Adverse economic conditions may lead to an increased number of our customers and clients being unable to pay for existing or additional products and services.	We have strategies which strengthen our long-term relationships with our customers based on quality, value and innovation. Regular customer feedback surveys are undertaken across the Company and, where applicable, appropriate action taken. Our business model is structured so that we are not reliant on one particular customer or group of customers. The Company has limited concentration of credit risk with regard to trade receivables given the diverse and unrelated nature of the Companies customer base.
COMPETITION	
We operate in a highly competitive marketplace. Aggressive pricing from our competitors could cause a reduction in our revenues and margins.	We aim to minimise this by continuing to promote our differentiated propositions and focusing on our points of strength, such as transparency of our pricing, flexibility in our cost base, quality and value of service and innovation.

Strategic report - continued

Risk	Mitigation
RETENTION AND MOTIVATION OF EMPLOYEES	
Retaining and motivating the best people with the right skills, at all levels of the organisation, is key to the long-term success of the Company. Short term disruption could occur if a key member of our team was unavailable at short notice, either on a temporary or permanent basis.	The Company has established training, development, performance management and reward programmes to retain, develop and motivate our people. The Company regularly reviews the adequacy and strength of its management teams to ensure that appropriate experience and training is given such that there is not over reliance on any one individual. Furthermore, the Company has continued to develop succession planning as part of the development programmes for our people.
HEALTH AND SAFETY	
Health and safety in the workplace are an extremely important consideration for an employer. Legislation is complex and failure to ensure that our employees remain safe at work may lead to serious business interruption and potential damage to our reputation.	The Company has policies, procedures, and standards in place to ensure compliance with legal obligations and industry standards. Regular health and safety audits and risk assessments are undertaken across the Company. All management meetings throughout the Company feature a health and safety update as an agenda item.
REGULATORY COMPLIANCE	
COMPLIANCE AND FRAUD	
Ineffective management of compliance with laws and regulations, or evidence of fraud, could have an adverse effect on the Company's reputation and could result in an adverse impact on the Company's performance if significant financial penalties are levied or a criminal action is brought against the Company or its Directors.	The Company's zero tolerance-based Code of Ethics govern all aspects of our relationships with our stakeholders. All alleged breaches of the Code, including any allegations of fraud, are investigated and action taken where appropriate. The Company's procedures include regular operating reviews, underpinned by a continual focus on ensuring the effectiveness of internal controls. Regulation and compliance risk is also considered as part of our annual business planning process.

For details of financial risks, refer to the directors' report.

Strategic report - continued

Brexit

On 31 January 2020, the United Kingdom (U.K.) formally departed from the E.U., commonly referred to as "Brexit" and then entered into a transition period where it remained in both the E.U. customs union and single market until 31 December 2020. On 24 December 2020, the UK government secured a trade deal with the EU which began on 1 January 2021 when the U.K. formally left the E.U. customs union and single market. The Company has considered the nature and extent of risks and uncertainties arising from the U.K.'s departure from the E.U. and the impact on the future performance and position of the business. The Company does not consider that this has had a significant impact on its operations and ability to service its supply chains. The Company will continue monitor outcomes, assess the impact on the regulatory environment in which they operate, its customers, supply chain and employees and will implement an appropriate response.

Acquisition of Consort Medical by Recipharm AB

On 4 February 2020, Consort Medical Limited ("Consort") was acquired by Recipharm Holdings Limited, a wholly owned subsidiary of Recipharm AB (publ). Further details are given on Recipharm's website. As a result of the acquisition, Consort de-listed from the London Stock Exchange and certain Consort entities brought forward their reporting period to 31 January 2020 instead of their previous 30 April period-end. Due to this change in statutory reporting date, the accounts for the period ended 31 January 2020 cover a period of 9 months. Furthermore, the accounts to 31 December 2020 cover a period of 11 months, with the accounting year now aligned to remainder of the Recipharm group.

Legal Entity Project

During the period the Recipharm group completed a legal entity rationalisation project in order to reduce the number of legal entities in the group following the Consort acquisition. In addition, the ownership structure of the UK operating companies was restructured to align the legal entity structure with the operational structure. As a result, the Company acquired The Medical House Limited and Bespak LLC from its immediate parent company Consort Medical Limited. The Company now also indirectly owns The Medical House Limited's subsidiaries Medical House Products Limited, Medical House (ASI) Limited and The Medical House Group Limited. After the period end, on 2 May 2021, the Company's subsidiary Hyperlyser Limited and one of the Company's indirect subsidiaries The Medical House Group Limited were voluntarily struck off the UK Companies House register. The Company's investment in Hyperlyser Limited was £1 so no impairments were necessary.

COVID-19

On 11 March 2020, the World Health Organisation ('WHO') declared COVID-19 as a pandemic, affecting multiple countries including the UK. The Company has considered the impact of this event on future operating performance and the uncertainties that this may create. There has been no material impact to manufacturing capability of the Company during the pandemic and the Company has not received any material support from the UK Government. Demand for the pharmaceutical products that the Company manufactures and supplies have not been adversely impacted by the pandemic as they are used to treat on-going conditions of the patients. Due to the nature of the company's activities, we do not expect any material adverse impact arising from the pandemic.

Acquisition of Recipharm AB by EQT

On 14 December 2020, EQT IX, through Roar BidCo AB, announced a public offer of SEK 220 in cash per share to the shareholders of Recipharm AB (publ), the Company's ultimate parent undertaking. On 28 January 2021, it was announced that the price in the offer had increased to SEK 232 for each share in Recipharm AB (publ). A revised offer document was published on 28 January 2021 and the acceptance period for the offer expired on 12 February 2021. On 15 February 2021, Roar BidCo announced that the offer was unconditional as they owned 95.1% of the shares in Recipharm AB and initiated a compulsory redemption of the remaining shares. As a result, Recipharm AB delisted from the Nasdaq Stock Exchange and the final day of trading was 5 March 2021.

Strategic report – continued

Directors' duties in relation to s172 Companies Act 2006

The directors consider, that they have acted in the way they believe, in good faith, to promote the success of Bespak Europe Ltd (Bespak) for the benefit of its members as a whole and, in doing so, have regard (amongst other matters) to:

- the likely consequences of any decisions in the long-term,
- the interests of the Company's employees,
- the need to foster the Company's business relationships with suppliers, customers and others,
- the impact of the Company's operations on the community and environment,
- the desirability of the Company maintaining a reputation for high standards of business conduct, and
- the need to act fairly between the shareholders of the Company.

We describe how the directors consider these factors in their decision-making below:

Long term value

We continue to invest in resources for the continued long-term success of the business. During the period, we spent £7,146,000 on research and development activities which will provide the innovative products and services required for Bespak's continued success (9 months ended 31 January 2020: £3,201,000). We also spent £5,966,000 on capital expenditure (9 months ended 31 January 2020: £9,310,000) which will ensure we have the capabilities to meet anticipated future demands.

Employee engagement

Bespak is committed to maximising the level of employee involvement in its business at all levels. Appropriate training is given to enable employees to perform their jobs more competently and to develop their skills and competencies to their full potential. Bespak's investments in training and development of its employees averages at 6.6 days training per employee per annum. Moreover, our annual performance review process allows employees to discuss career opportunities and development needs and to receive guidance and agreed actions on achieving their goals. In addition, employees are supported, through sponsorship or a contribution to costs, to study for job-related qualifications.

Employees are further involved through Bespak's Consultation forum, attended by employee representatives and Company senior management, which meets every two months to discuss and resolve any issues raised companywide to the extent possible. Companywide communications include twice yearly business briefing sessions and an annual Town Hall meeting attended by all employees. These communications channels are further enhanced by regular functional meetings with senior management.

Bespak also publishes a magazine, The Pulse, twice annually as well as a two-weekly digital version that cover a wide range of topics and issues of interest to the organisation at large.

Strategic report - continued

Business relationships

We have deep, long-term contractual relationships with many leading global pharmaceutical, biopharmaceutical, biologics and medical device companies, supplying customers with high quality development services and products from our highly regulated facilities. There is a broad range of industrialization programmes where we work closely with customers to support their long term growth strategies. We supplement this with development opportunities by providing innovative solutions utilising our market-leading expertise.

During the period, we made good progress with our marketed respiratory portfolio, continuing to grow revenues of our core respiratory metered dose inhaler (MDI) valves and Actuators, as well as, our dry powder inhaler (DPI) products manufactured under contract for our customers. Our core MDI valves has further benefited from regulatory approvals, through our customers, in Japan and China.

In our devices portfolio, we have followed last year's success with the FDA approval of Mylan's proprietary dry powder inhaler, having had our own proprietary integrated dose counter approved by the FDA for Catalent/Perrigo during the current period.

We have had significant success with expanding our development pipeline of device opportunities including our innovative proprietary gas-powered auto-injector technology and nasal products, as well as progressing well with our industrialization programmes.

Bespak recognises that the strength of its business relies heavily on a stable and ethical supply base. To that end we continue to roll out a code of ethical standards to our existing and new suppliers or ensure that an equivalent code is in operation. This standard aims to ensure our entire supply base operate with the highest ethical standards. It ensures our suppliers are compliant with all appropriate laws and regulations, treat their employees with dignity and respect and take active steps to protect against modern slavery. In addition, our code of conduct ensures our suppliers are respectful and protective of the environment, are compliant with health and safety laws and regulations at all times and that they do not participate in acts of bribery and corruption. As part of our supplier approval process, all new suppliers are required to adhere to this standard.

Engagement with shareholders

We engages directly with its shareholders on issues as necessary. The legal entity project, being a key project in the period was discussed and agreed with the Company's shareholders and was considered in the best interests of group.

We considers and discusses information from across the organisation to help it understand the impact of its operations, and the interests and views of our key stakeholders. It also reviews strategy, financial and operational performance, as well as information covering areas such as key risks, and legal and regulatory compliance. This information is provided to We through reports sent in advance of each Board meeting, and through in-person presentations.

As a result of these activities, We has an overview of engagement with stakeholders, and other relevant factors, which enables the Directors to comply with their legal duty under section 172 of the Companies Act 2006.

On behalf of the Board

Keyvan Djamarani
Director
Date: 3rd December 2021

BESKPAK EUROPE LIMITED

Directors' report

The directors present their report and audited financial statements for the 11 month period ended 31 December 2020.

General information

The Company is a limited liability company incorporated and domiciled in England and Wales.

Results and dividends

Revenue for the 11 month period ended 31 December 2020 was £127,624,000 (9 months ended 31 January 2020 £86,995,000) and the profit for the financial period was £16,489,000 (9 months ended 31 January 2020: £12,800,000) which will be transferred to reserves. A dividend of £nil (9 months ended 31 January 2020: £20,000,000) was paid in the period. The Company had net assets of £106,171,000 at 31 December 2020 (31 January 2020: £87,119,000).

Directors

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

Keyvan Djamarani
Jonathan Glenn (resigned 4 February 2020)
Paul Hayes (resigned 4 February 2020)
Thomas Eldered (appointed 4 February 2020, resigned 15 March 2021)
Mark Quick (appointed 4 February 2020)
Jean-Francois Hilaire (appointed 1 September 2020)

Directors' indemnities

Qualifying third-party indemnity arrangements for the benefit of all its directors in a form and scope which comply with the requirements of the Companies Act 2006 were in place during the period. These arrangements remain in effect as at the date of this report.

Directors' and officers' liability insurance

Insurance cover is in force in respect of the personal liabilities which may be incurred by directors and officers in the course of their service with the Company.

Future developments

The directors are confident in that the profitability of the business will significantly improve in the coming periods as a result of the reasons noted earlier in Strategic Report.

Energy & carbon reporting

The company employs a Sustainability Manager to assess its current position in respect of managing its carbon footprint and impact on the environment. It uses standard methods and measures to assess this impact, on which it advises the directors of the most appropriate measures to take moving forward.

The Company's energy consumption has decreased from 370.5 W h/£000 of sales in the 9 months to 31 January 2020 to 332.6 kW h/£000 of sales in 11 months to 31 December 2020 with monthly energy consumption increased by 2.7%.

Directors' report

Energy & carbon reporting continued

The Company is committed to reducing the energy consumption and the carbon impact of our operations. This requires significant investment in new technologies and behaviour change. The company has recruited an Environmental Manager, who has detailed out a long term strategy targeting carbon neutrality by 2030. This plan has the full backing of the directors and progress against this will be reviewed periodically.

In the current year there has been increased usage of virtual meetings, where appropriate to reduce travel related carbon emissions.

The table below sets out the greenhouse gas emissions from all sources over which we have operational control.

	Tonnes of CO_2e	
	11 months ended 31 December 2020	9 months ended 31 January 2020
Gas	1,398.0	1,013.4
Electricity	8,401.0	7,930.3
Total emissions	**9,799.0**	**8,943.7**
Per £'000 of sales	0.08	0.10
Per Number of Employees	10.6	10.9
Per month	816.58	993.74

The energy consumption data has been collated directly from business and supplier metering and payment documentation.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a cash flow forecast for the period to 31 December 2022, (being the going concern review period) which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period. The impact of COVID-19 on the Company is discussed in further detail in the Strategic Report and is not expected to have a significant impact on this Company.

In addition, the Company's parent undertaking, Recipharm AB, has provided a letter of support to the Company for the going concern review period to 31 December 2022 and the directors have made enquiries of Recipharm AB as to their ability to provide support if needed.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for the period to 31 December 2022 and therefore have prepared the financial statements on a going concern basis.

Directors' report

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of currency risk, interest rate risk, and liquidity risk.

1. Currency risk - the Company is a sterling denominated company which has a proportion of its income and expenditure in Euros and US dollars. The Company uses forward contracts to manage its transaction exposure.
2. Interest rate risk - the Company has no bank loans but does operate an overdraft facility, and receives interest from its parent company, Recipharm AB (publ).
3. Liquidity risk - the Company ensures that its margins are sufficient to exceed normal operating costs and is cash generative.
4. Credit risk – is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures.

Employee involvement

The Company places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through formal and informal meetings. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Disability policy

It is the Company's policy to give full consideration to applications for employment from disabled persons. Opportunities also exist for employees of the Company who become disabled to continue in their employment or to be trained for other positions within the Company.

Disclosure of information to auditor

In the case of each director, so far as each is aware, there is no relevant audit information of which the Company's auditor is unaware. Each director has taken all the steps he or she needs to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Post balance sheet events

Acquisition of Recipharm AB by EQT

On 14 December 2020, EQT IX, through Roar BidCo AB, announced a public offer of SEK 220 in cash per share to the shareholders of Recipharm AB (publ), the Company's ultimate parent undertaking. On 28 January 2021, it was announced that the price in the offer had increased to SEK 232 for each share in Recipharm AB (publ). A revised offer document was published on 28 January 2021 and the acceptance period for the offer expired on 12 February 2021. On 15 February 2021, Roar BidCo announced that the offer was unconditional as they owned 95.1% of the shares in Recipharm AB and initiated a compulsory redemption of the remaining shares. As a result, Recipharm AB delisted from the Nasdaq Stock Exchange and the final day of trading was 5 March 2021.

Directors' report

Auditor

During the period Ernst & Young LLP (EY) was appointed as the Company's auditor. A recommendation to re-appoint EY for the coming year will be put to the directors for approval following the signing of these financial statements.

On behalf of the Board

Keyvan Djamarani
Director
Date: 3rd December 2021

Registered address

Bergen Way
North Lynn Industrial Estate
King's Lynn
Norfolk
PE30 2JJ
England

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 period. 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BESPAK EUROPE LIMITED

Opinion

We have audited the financial statements of Bespak Europe Limited for the period ended 31 December 2020 which comprise the Income Statement, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and the related notes 1 to 25, including a summary of significant accounting policies The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2020 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the period to 31 December 2022.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BESPAK EUROPE LIMITED

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BESPAK EUROPE LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 10, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BESPAK EUROPE LIMITED

Auditor's responsibilities for the audit of the financial statements - continued

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework, FRS101, the Companies Act 2006 and the relevant tax laws and regulations in the UK..In addition, the company has to comply with laws and regulations relating to health and safety, employment, data protection and the quality control of its manufacturing process and products produced.
- We understood how the company is complying with those frameworks by making enquiries of management to understand how the company maintains and communicates its policies and procedures in those areas. We corroborated our enquiries through review of board minutes, review of correspondence with relevant authorities, as well as consideration of the results of our audit procedures across the company to either corroborate our findings or provide contrary evidence which was followed up.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by understanding which areas of the business present potential fraud risk areas (through assessing the presence of opportunities, incentives or potential rationalisation to commit such acts of fraud), understanding where these risks could present themselves and subsequently identifying the process level controls in place to prevent, or detect and correct them. Combining this with our review of entity level controls, which have evidenced management's behaviour and the culture embedded within the company, we have gained a detailed understanding of the overall susceptibility to fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures included: detailed journal entry testing, with a focus on manual journals for identified fraud risks, corroborating balances where necessary to underlying supporting documentation. We also challenged assumptions and judgements made by management by reviewing third party evidence wherever possible and, leveraged our data analytics platform in performing our work on revenue recognition and inventory costing to assist in identifying higher risk transactions for testing. The results of these procedures did not identify any such instances of irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

Ernst & Young LLP

Rachel Wilden (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge,
Date: 6 December 2021

INCOME STATEMENT

For the 11 months ended 31 December 2020

	Note	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Revenue	2	**127,624**	86,995
Operating expenses before special items	3	**(104,932)**	(72,142)
Operating profit before special items		**22,692**	14,853
Special items	3	**(3,752)**	(12)
Operating profit		**18,940**	14,841
Finance income	6	**641**	601
Finance costs	7	**(32)**	(31)
Other finance costs	8	**(536)**	(632)
Profit before tax and special items		**22,765**	14,791
Special items	3	**(3,752)**	(12)
Profit on ordinary activities before tax		**19,013**	14,779
Tax	9	**(2,524)**	(1,979)
Profit for the financial period		**16,489**	12,800

STATEMENT OF COMPREHENSIVE INCOME

For the 11 months ended 31 December 2020

	Note	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Profit for the financial period		**16,489**	12,800
Other comprehensive loss			
Items that will not be reclassified subsequently to profit and loss:			
Actuarial gain/(loss) on defined benefit pension scheme	21	**2,497**	(9,072)
Deferred tax on pension scheme	9	**16**	1,230
Credit to equity for equity settled share-based payments		**50**	-
Deferred tax on share based payments	9	**-**	173
Other comprehensive income/(loss) for the period		**2,563**	(7,669)
Total comprehensive income for the period		**19,052**	5,131

The notes on pages 20 to 52 form an integral part of the financial statements.

BALANCE SHEET

At 31 December 2020

	Note	31 Dec 2020 £000	31 Jan 2020 £000
Assets			
Non-current assets			
Property, plant and equipment	11	**73,344**	74,774
Intangible assets	13	**3,708**	3,480
Investments	14	**-**	-
Finance lease receivable	15	**2,173**	3,433
		79,225	81,687
Current assets			
Inventories	16	**23,037**	21,235
Trade and other receivables	17	**50,143**	41,498
Finance lease receivable	15	**1,248**	1,248
Cash and cash equivalents	18	**15,346**	5,840
		89,774	69,821
Total assets		**168,999**	151,508
Liabilities			
Current liabilities			
Trade and other payables	19	**(42,193)**	(34,468)
Income tax		**(557)**	(3,845)
Provisions	20	**-**	(23)
		(42,750)	(38,336)
Net current assets		**47,024**	31,485
Non-current liabilities			
Lease liabilities	19, 12	**(695)**	(1,068)
Deferred tax	9	**(2,129)**	(2,834)
Provisions	20	**-**	-
Defined benefit pension scheme deficit	21	**(17,254)**	(22,151)
		(20,078)	(26,053)
Total liabilities		**(62,828)**	(64,389)
Net assets		**106,171**	87,119
Shareholders' equity			
Share capital	22	**39,850**	39,850
Share premium	22	**6,000**	6,000
Retained earnings		**60,321**	41,269
Total equity		**106,171**	87,119

The accompanying notes on pages 20 to 52 are an integral part of the financial statements.

The financial statements on pages 17 to 52 were approved by and authorised for issue on 3rd December 2021 and signed on its behalf by:

Keyvan Djamarani
Director
Bespak Europe Limited
Registered number 03515896

STATEMENT OF CHANGES IN EQUITY

For the 11 months 31 December 2020

	Share capital £000	Share premium £000	Retained earnings £000	Total Equity £000
Balance at 30 April 2019	**39,850**	**6,000**	**56,138**	**101,988**
Profit for the financial period			12,800	12,800
Other comprehensive (loss)/income:				
Actuarial loss on defined benefit pension scheme	-	-	(9,072)	(9,072)
Tax on amounts taken directly to equity	-	-	1,403	1,403
Total comprehensive income	-	-	5,131	5,131
Equity dividends	-	-	(20,000)	(20,000)
Balance at 31 January 2020	**39,850**	**6,000**	**41,269**	**87,119**
Profit for the financial period			16,489	16,489
Other comprehensive (loss)/income:				
Actuarial gain on defined benefit pension scheme	-	-	2,497	2,497
Tax on amounts taken directly to equity	-	-	16	16
Credit to equity for equity settled share-based payments			50	50
Total comprehensive income	-	-	19,052	19,052
Equity dividends	-	-	-	-
Balance at 31 December 2020	**39,850**	**6,000**	**60,321**	**106,171**

The accompanying notes on pages 20 to 52 are an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

General information

Bespak Europe Limited ("the Company") is a wholly owned subsidiary of Consort Medical Limited, a company incorporated in England and Wales. Bespak Europe Limited is incorporated in England and Wales, registered number 03515896. The nature of the Company's operations and its principal activities are set out in the Strategic Report on page 2.

1. Presentation of the financial statements and accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Financial reporting period

On 4 February 2020, the Consort Medical Limited ("Consort") was acquired by Recipharm Holdings Limited. Further details are given on Recipharm's website. As a result of the acquisition, Consort de-listed from the London Stock Exchange and certain Consort entities brought forward their reporting period to 31 January 2020 instead of their previous 30 April period-end. Due to this change in statutory reporting date, the accounts for the period ended 31 January 2020 cover a period of 9 months.

Consolidation exemption

The Company is a wholly-owned subsidiary of Recipharm AB and is included in the consolidated financial statements of Recipharm AB. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

Compliance with applicable law and FRS101

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" ('FRS101') and the Companies Act 2006 as applicable to companies using FRS 101.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted-average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7, 'Financial Instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 Property, plant and equipment;
  (iii) paragraph 118(e) of IAS 38 Intangible assets
- The following paragraphs of IAS 1, 'Presentation of financial statements':
  - 10(d), (statement of cash flows),
  - 16 (statement of compliance with all IFRS),
  - 38A (requirement for minimum of two primary statements, including cash flow statements),
  - 38B-D (additional comparative information),
  - 40A-D (requirements for a third statement of financial position)
  - 111 (cash flow statement information), and
  - 134-136 (capital management disclosures)

NOTES TO THE FINANCIAL STATEMENTS

1. Presentation of the financial statements and accounting policies continued

Compliance with applicable law and FRS101 continued

- IAS 7, 'Statement of cash flows'
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Measurement convention

The financial statements have been prepared using the historic cost convention, as modified by certain financial assets and financial liabilities (including derivative financial instruments) at fair value. The specific accounting policies adopted, which have been approved by We, are described within this note and which have been applied consistently in all periods presented.

Going concern

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared a cash flow forecast for the period to 31 December 2022, (being the going concern review period) which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds to meet its liabilities as they fall due for that period. The impact of COVID-19 on the Company is discussed in further detail in the Strategic Report and is not expected to have a significant impact on this Company.

In addition, the Company's parent undertaking, Recipharm AB, has provided a letter of support to the Company for the going concern review period to 31 December 2022 and the directors have made enquiries of Recipharm AB as to their ability to provide support if needed.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for the period to 31 December 2022 and therefore have prepared the financial statements on a going concern basis.

1. Presentation of the financial statements and accounting policies continued

Accounting principles and policies

The preparation of the financial statements in conformity with FRS101 requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Critical accounting estimates and judgements are discussed further below.

The financial statements have been prepared in accordance with the Company's accounting policies as approved by We.

Foreign currency

Items included in the financial statements of the Company are measured using that Company's functional currency, which is the currency of the primary economic environment in which the Company operates. The financial statements are presented in 'Pound Sterling' (£) which is also the Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

Revenue

Revenue is recognised as performance obligations to deliver products or services are satisfied. The transaction price of each contract is allocated to separately identifiable performance obligations based on the amount of consideration expected to be received in exchange for satisfying these performance obligations.

Consideration is based on contractually agreed prices based on sales volumes. Variable consideration is determined based on the volume of products expected to be sold in the contractual period based on sales forecasts received from customers. Where a contract includes variable consideration (such as a minimum order guarantee), the transaction price includes an amount of variable consideration receivable at the balance sheet date which is considered to be highly probable not to reverse.

Products sold include the manufacture of inhaled and injectable devices and services represent in-house development and support on new and existing customer programmes.

Performance obligations for the sale of products are dependent on the terms and conditions of sale. The point in time at which revenue is recognised may therefore vary between the point goods are made available for customers to collect, and the point at which they are delivered to the customers.

Performance obligations for service revenues are recognised over time as the service is provided based on contractual rates agreed within the contracts and service hours delivered.

Advance payments received from customers are credited to contract liabilities and the related revenue is released to the income statement in accordance with the recognition criteria described above.

NOTES TO THE FINANCIAL STATEMENTS

1. Presentation of the financial statements and accounting policies continued

Expenditure

Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms.

Employee benefits

Post-retirement benefits

The Company has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the Balance Sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in other comprehensive income in the period in which they arise and all other expenses related to the defined benefit plan in employee expenses in profit and loss.

Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

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 income statement in the periods during which services are rendered by employees.

1. Presentation of the financial statements and accounting policies continued

Employee benefits continued

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Share-based payments

The parent company operated a number of equity-settled, share-based compensation plans, under which the entity received services from employees as consideration for equity instruments (options) of Consort Medical Limited. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the parent company either issued new shares or utilised market purchased shares held in an Employee Benefit Trust. The cost of share schemes was apportioned between Group companies.

NOTES TO THE FINANCIAL STATEMENTS

1. Presentation of the financial statements and accounting policies continued

Property, plant and equipment

Property, plant and equipment is stated at historic purchase cost including any incidental costs of acquisition less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is recognised so as to write-off the cost of fixed assets (less the current expected residual value) on a straight-line basis over their expected useful lives as follows:

• Buildings	30 to 50 years
• Mould and assembly machines	Utilisation basis
• Cleanrooms	20 years
• Building services	10 to 20 years
• Other plant, equipment and vehicles	3 to 10 years

Cleanrooms, building services and mould and assembly machines are categorised within plant, equipment and vehicles. Land is not depreciated.

Depreciation methods, useful lives, and residual values are reviewed at each balance sheet date as a minimum.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Assets under construction

The costs of property, plant and equipment are capitalised as incurred and are not depreciated until such time as the assets are commissioned, when the total costs are transferred to the appropriate asset category.

Intangible fixed assets

Other intangible fixed assets, including software licences, customer contracts and relationships, and distribution rights are capitalised at cost and amortised on a straight-line basis over their estimated useful economic lives. The estimated useful life of other intangible assets are as follows:

• Computer software	4 years
• Manufacturing contracts and licences	2 to 11 years

1. Presentation of the financial statements and accounting policies continued

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from the Company's product development is recognised only if all of the following conditions are met:

- It is probable that the asset created will generate future economic benefits;
- It is technically feasible that the intangible asset can be completed so that it will be available for use or sale; and there are sufficient available resources to complete it;
- The Company intends to complete and to use the asset; and
- The development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their useful lives. The estimated useful economic life of capitalised development costs is 5 to 10 years. Where no internally-generated intangible asset can be recognised, development expenditure is recognised as an expense in the period in which it is incurred.

Impairment of tangible and intangible assets

The carrying values of property, plant and equipment, and intangible assets are reviewed for impairment when events or changes in circumstance indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Where it is not possible to identify separate cash flows relating to individual assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

1. Presentation of the financial statements and accounting policies continued

Financial assets (including trade and other receivables) continued

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment. An impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Leases

The Company adopted IFRS 16 Leases in the prior period, using the modified retrospective approach.
At inception of a contract, the Company assesses whether the contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset which may be specified explicitly or implicitly;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings, in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease component as a single lease component.
The Company recognises a right-of-use asset and a lease liability at the lease commencement date.
The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement of the lease, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight line method from the commencement of the lease to the earlier of the end of its useful life or the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS

1. Presentation of the financial statements and accounting policies continued

Leases continued

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is re-measured when there is a change in future lease payments, a change in the Company's estimate of the amount expected to be payable under residual guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.
The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Inventories

Inventories and work in progress are stated at the lower of cost and net realisable value. Cost comprises the direct cost of production and the attributable portion of overheads based on normal operating capacity appropriate to location and condition. Cost is determined on a first in, first out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Finance Income and Costs

Finance costs and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Finance income and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised within other finance expenses.

A contingent liability is disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

NOTES TO THE FINANCIAL STATEMENTS

1. Presentation of the financial statements and accounting policies continued

Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the income statement 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 period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred taxation is accounted for in full using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary difference can be utilised. Their carrying amount is reviewed at each balance sheet date on the same basis.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which the asset or liability is settled. It is recognised in the profit or loss account except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

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 taxes 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.

Share capital and share premium

Ordinary shares are classified as equity. Share issue costs are incremental costs directly attributable to the issue of new shares or options and are shown as a deduction, net of tax, from the proceeds. Any excess of the net proceeds over the nominal value of any shares issued is credited to the share premium account.

Derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date. Any gain or loss on re-measurement is recognised in the Income Statement.

Non-derivative financial instruments

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

NOTES TO THE FINANCIAL STATEMENTS

1. Presentation of the financial statements and accounting policies continued

Trade and other receivables

Trade receivables and contract assets are recognised initially at fair value and subsequently held at amortised cost.

The Company applies the IFRS 9 simplified approach to providing for expected credit losses in accordance with applicable guidance for non-banking entities. Loss allowances for trade receivables are recognised at an amount equal to lifetime expected credit losses. The expected credit loss allowance provision is determined by collectability of the balance and incorporates forward-looking information.

Amounts recoverable on contracts are included in contract assets and represent revenue recognised in excess of payments on account.

Trade and other payables

Trade payables on normal terms are not interest-bearing and are stated at their nominal value. Trade payables are recognised initially at fair value and subsequently held at amortised cost.

Cash and cash equivalents

Cash comprises cash on hand and on-demand deposits, and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of less than three months.

Investments

Investments in subsidiary undertakings are recorded at cost less provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

Dividends

Dividends are recorded in the financial statements in the period in which they are approved by the Company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements and estimates made by management that have a significant effect on the financial statements are discussed in the relevant below.

NOTES TO THE FINANCIAL STATEMENTS

1. Presentation of the financial statements and accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty continued

Judgements

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

A Development costs
In assessing whether development costs meet the recognition criteria for internally-generated intangible assets, which are described elsewhere in this note, the directors make certain critical judgements as to the technical feasibility and commercial viability of the related product, and around the likelihood of obtaining regulatory approval.

B Revenue recognition

The Company's revenue recognition policies require management to make judgements in respect of the revenue accounting for major manufacturing contracts and/or material amendments to contracts.

Estimates

The key sources of estimation uncertainty at the balance sheet date are discussed below.

A Post-employment benefits

The determination of the pension cost and defined benefit obligation of the Company's defined benefit pension scheme depends on the selection of certain assumptions which include the discount rate, inflation rate, salary growth, mortality and expected return on scheme assets. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods (see note 21). The net pension deficit at 31 December 2020 was £17,254,000 (31 January 2020: £22,151,000).

B Provisions and related assets

Provisions are liabilities of uncertain timing or amount and therefore judgement is applied in making a reliable estimate of the quantum and timing. In determining the amount to recognise for any provisions, management consults with suitably qualified and experienced personnel, considers the Company's experience of similar matters and communications with potential counterparties and the Company's legal advisers. The total value of provisions at 31 December 2020 was £nil (31 January 2020: £23,000).

Special items

The directors believe that presenting special items disaggregated from operating expenditure as presented in the income statement provides additional useful information for shareholders on the underlying performance of the business. These measures are consistent with how business performance is measured internally. Further detail on the special items in the period can be found in note 3.

NOTES TO THE FINANCIAL STATEMENTS

2. Revenue

All revenue originates in the United Kingdom.

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Revenue by business		
Products	**123,179**	84,323
Service	**4,445**	2,672
	127,624	86,995
Revenue by destination		
United Kingdom	**18,887**	21,958
United States of America	**25,934**	9,036
Europe	**62,013**	44,753
Rest of World	**20,790**	11,248
	127,624	86,995

The following tables provide further information on the Company's revenues and related contract assets and liabilities:

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Revenue recognised at a point in time	**123,179**	84,323
Revenue recognised over time	**4,445**	2,672
Total revenue	**127,624**	86,995

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Contract Assets (note 17)	**753**	1,405
Contract Liabilities (note 19)	**678**	678

NOTES TO THE FINANCIAL STATEMENTS

3. Operating expenses

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Raw materials and consumables	**40,046**	30,628
Other external charges	**25,389**	15,322
Staff costs (note 4)	**29,969**	22,296
Depreciation and impairment (note 11)	**6,345**	4,888
Amortisation and impairment (note 13)	**823**	183
Foreign exchange gains	**391**	(57)
Management fee	**523**	747
	103,486	74,007
Change in inventory of finished goods and work in progress	**1,446**	(1,865)
	104,932	72,142

Operating expenses include the following:

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Operating lease rentals (as lessee)		
o Plant and machinery	**152**	6
o Other	**-**	46
Research and development	**7,146**	3,201
Research and development tax credit	**(508)**	(450)
Property, plant and equipment repairs and maintenance	**2,474**	2,341
Services provided by the Company's auditor		
Audit services		
o Fees payable for the audit of		
o -Company financial statements	**125**	80
o -Financial statements of other group companies	**98**	22
Non-audit services		
o Audit related assurance services	**34**	25

NOTES TO THE FINANCIAL STATEMENTS

3. Operating expenses continued

An analysis of the special items is as follows:

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Re-organisation costs – share based payment	3,381	-
Re-organisation costs – restructuring	92	12
Re-organisation costs – COVID related costs	279	-
	3,752	12

Reorganisation cost of £3,752,000 in the 11 month period (9 months ended 31 January 2020: £12,000) principally represents recharges of payments made to Bespak employees for their Consort share options when Consort was acquired by Recipharm in February 2020.

4. Employees

Staff costs and the average monthly number of employees analysed by activity, including directors, are shown below:

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Employee benefit costs:		
Wages and salaries	24,568	18,369
Social security costs	2,379	1,772
Share based payments	40	-
Other pension costs (note 21)	2,982	2,155
	29,969	22,296
Reorganisation costs – share based payment charge (see note 3)	3,381	-
	33,350	22,296

	11 months ended 31 December 2020 Number	9 months ended 31 January 2020 Number
By activity:		
Production	684	537
Sales and marketing	12	13
Administration and support services	157	140
Engineering and product development	73	65
	926	755

NOTE TO THE FINANCIAL STATEMENTS

5. Emoluments of directors

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Directors' remuneration:		
Remuneration and other benefits	**469**	394
Amounts receivable under long term incentive schemes	**770**	-
Contributions to defined benefit pension schemes	**5**	7
	1,244	401

	Number	Number
Number of directors to whom retirement benefits are accruing under defined contribution pension schemes *	5	3
Number of directors to whom retirement benefits are accruing under defined benefit pension schemes	1	1
Number of directors exercising share options during the period	5	1
Number of directors receiving share awards for qualifying activities during the period	-	-

* Contributions, with the exception of one director (period ended 31 January 2020: one director) were paid by other group undertakings.

The aggregate emoluments of the highest paid director for his qualifying services as a director, paid by Bespak Europe Limited were £1,244,000 (9 months ended 31 January 2020: £401,000). This includes contributions to a defined contribution scheme of £5,000 (9 months ended 31 January 2020: £7,000) and amounts receivable under a long term incentive scheme of £770,000 (9 months ended 31 January 2020: nil). The highest paid director did exercise share options in the current and prior period.

4 of the directors (period ended 31 January 2020 – 4 directors) were employed and remunerated by other group undertakings. During the period the Company incurred a management fee amounting to £523,000 (9 months ended 31 January 2020 - £747,000) which includes charges for qualifying services of these directors, but which is not possible to separately identify.

NOTES TO THE FINANCIAL STATEMENTS

6. Finance income

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Interest income – from parent company	**479**	435
Interest income – external	**162**	139
Accrued interest income – finance lease receivable	**-**	27
	641	601

7. Finance costs

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Bank overdraft interest	**(1)**	-
Lease liability interest (note 12)	**(31)**	(31)
	(32)	(31)

8. Other finance costs

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Net interest cost on defined benefit scheme (note 21)	**(324)**	(262)
Foreign exchange losses	**(212)**	(370)
	(536)	(632)

NOTES TO THE FINANCIAL STATEMENTS

9. Tax

Taxation charge based on profits for the 11 month period to 31 December 2020

The major components of the tax charge are:

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Current tax		
UK corporation tax at 19% (9 months ended 31 January 2020: 19%)	**2,070**	1,681
Adjustments in respect of prior periods	**1,143**	(134)
	3,213	1,547
Deferred tax		
UK origination and reversal of timing differences	**(669)**	167
Adjustments in respect of prior periods	**(766)**	299
Impact of change in tax rates	**746**	(34)
	(689)	432
Income tax expense reported in the income statement	**2,524**	1,979

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Tax on items taken to equity		
Deferred tax		
Actuarial gains on pension scheme	**(16)**	(1,230)
Share-based payments	**-**	(173)
	(16)	(1,403)
Total tax credited to equity	**(16)**	(1,403)

9. Tax continued

Reconciliation between tax expense and the Company's profit on ordinary activities before taxation

The reconciliation of the UK statutory tax charge to the Company's profit on ordinary activities before taxation is as follows:

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Profit before tax	**19,013**	14,779
Taxation charge at UK corporation tax rate of 19% (9 months ended 31 January 2020: 19%)	**3,613**	2,808
Adjustments in respect of prior periods	**377**	165
Patent box	**(2,039)**	(1,343)
Effect of group relief	**(522)**	-
Tax effect of non-deductible or non-taxable items	**319**	363
Impact of change in tax rate	**746**	(33)
Share-based payments	**30**	19
	2,524	1,979

Factors affecting future tax charges

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% (2019 – 17%) which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date and hence have not been reflected in the measurement of deferred tax balances at the period end. It is not anticipated that these changes will have a material impact on the company's deferred tax balances.

	31 December 2020 £000	31 January 2020 £000
Deferred tax liabilities		
Accelerated depreciation	**(5,242)**	(6,475)
	(5,242)	(6,475)
Deferred tax assets		
Share-based payments	**-**	33
RDEC	**-**	(30)
Intangible fixed assets	**(165)**	(127)
Retirement benefit obligations	**3,278**	3,765
	3,113	3,641
Net deferred tax liability	**(2,129)**	(2,834)

NOTES TO THE FINANCIAL STATEMENTS

9. Tax continued

	31 December 2020 £000	31 January 2020 £000
Provision for deferred tax (net)		
At 1 May	**(2,834)**	(3,633)
Charged to the income statement	**(78)**	(133)
Adjustments in respect of prior periods	**767**	(298)
Credit to equity	**16**	1,230
At 31 January 2020 / 30 April 2019	**(2,129)**	(2,834)

Deferred income tax assets have been recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

10. Dividends

Dividends declared and paid during the period

	11 months ended 31 December 2020 £000	9 months ended 31 January 2020 £000
Dividends declared and paid in the 9 months ended 31 December 2020: £nil (9 months ended 31 January 2020: 5.0 pence per share)	**-**	20,000

NOTES TO THE FINANCIAL STATEMENTS

11. Property, plant and equipment

	Leases* (buildings, plant and equipment) £000	Land and buildings £000	Plant, equipment and vehicles £000	Assets under construction £000	Total £000
Cost					
At 1 Feb 2020	1,689	50,243	107,099	17,183	**176,214**
Additions	-	-	-	5,966	**5,966**
Reclassifications	-	554	11,987	(13,592)	**(1,051)**
Disposals	-	-	-	-	**-**
At 31 December 2020	1,689	50,797	119,086	9,557	**181,129**
Accumulated depreciation					
At 1 Feb 2020	290	20,858	80,292	-	**101,440**
Charge for the period	354	1,334	4,183	-	**5,871**
Impairment	-	-	-	474	**474**
Disposals	-	-	-	-	**-**
At 31 December 2020	644	22,192	84,475	474	**107,785**
Net book value at 31 December 2020	**1,045**	**28,605**	**34,611**	**9,083**	**73,344**
Net book value at 31 January 2020	1,399	29,385	26,807	17,183	**74,774**

*Right of use assets

The reclassification relates to assets under constructions which have been transferred to intangible assets.

	Leases (buildings, plant and equipment) £000	Land and buildings £000	Plant, equipment and vehicles £000	Assets under construction £000	Total £000
Cost					
At 1 May 2019	-	50,243	107,306	10,702	**168,251**
Recognised on adoption of IFRS 16	1,689	-	-	-	**1,689**
At 1 May 2019	1,689	50,243	107,306	10,702	**169,940**
Additions	-	-	1,090	6,481	**7,571**
Reclassifications	-	-	-	-	**-**
Disposals	-	-	(1,297)	-	**(1,297)**
At 31 January 2020	1,689	50,243	107,099	17,183	**176,214**
Accumulated depreciation					
At 1 May 2019	-	19,779	78,071	-	**97,850**
Charge for the period	290	1,079	3,519	-	**4,888**
Disposals	-	-	(1,298)	-	**(1,298)**
At 31 January 2020	290	20,858	80,292	-	**101,440**
Net book value at 31 January 2020	**1,399**	**29,385**	**26,807**	**17,183**	**74,774**
Net book value at 30 April 2019	n/a	30,464	29,235	10,702	70,401

NOTES TO THE FINANCIAL STATEMENTS

11. Property, plant and equipment – continued

Net book value of land and buildings comprised:

	31 December 2020 £000	31 January 2020 £000
Freehold land and buildings	26,875	27,655
Long-term leasehold property	1,730	1,730
	28,605	29,385

12. Leases

Information presented in this note is in respect of the current period ended 31 December 2020 and is presented in accordance with IFRS 16. The Company holds land and buildings under leasing arrangements that are recognised as right of use assets and lease liabilities, with remaining lease terms ranging up to 20 years.

Information in respect of right of use assets, including the carrying amount, additions and depreciation, are set out in note 11 to these financial statements. Information in respect of the carrying value and interest arising on lease liabilities is set out in note 11 and note 7 respectively. A maturity analysis of lease liabilities is set out below.

The weighted average incremental borrowing rate applied to the lease liabilities in the statement of financial position at the initial adoption on 1 May 2019 was 2.8%.

	31 December 2020 £000	31 January 2020 £000
No later than one year	323	302
Later than one year and no later than five years	695	1,068
Later than five years and no later than 25 years	-	-
Total undiscounted lease liabilities at end of period	1,018	1,370

Lease liabilities included in the balance sheet at 31 December 2020	31 December 2020 £000	31 January 2020 £000
Current (note 19)	323	302
Non-Current (note 19)	695	1,068

NOTES TO THE FINANCIAL STATEMENTS

12. Leases continued

Set out below are the carrying amounts of lease liabilities included in the balance sheet and movements during the period.

	31 December 2020 £000	31 January 2020 £000
At 1 February 2020 / 1 May 2019	**1,370**	1,594
Interest charged	**31**	31
New leases	**-**	-
Lease payments	**(383)**	(255)
At 31 December 2020 / 31 January 2020	**1,018**	1,370

13. Intangible assets

Reclassifications relate to intangible assets transferred from assets under construction (PPE) to computer software and contracts and licences during the period.

	Capitalised development costs £000	Computer software £000	Contracts and licences £000	**Total £000**
Cost				
At 1 February 2020	2,086	2,073	3,109	**7,268**
Reclassifications	-	1,051	-	**1,051**
At 31 December 2020	2,086	3,124	3,109	**8,319**
Accumulated amortisation				
At 1 February 2020	-	1,901	1,887	**3,788**
Charge for the period	-	97	117	**215**
Impairment	609	-	-	**609**
At 31 December 2020	609	1,998	2,004	**4,611**
Net book value at 31 December 2020	**1,477**	**1,126**	**1,103**	**3,708**
Net book value at 31 January 2020	**2,086**	**172**	**1,222**	**3,480**

	Capitalised development costs £000	Computer software £000	Contracts and licences £000	**Total £000**
Cost				
At 1 May 2019	1,361	2,051	2,117	**5,529**
Additions	725	22	992	**1,739**
At 31 January 2020	2,086	2,073	3,109	**7,268**
Accumulated amortisation				
At 1 May 2019	-	1,801	1,804	**3,605**
Charge for the period	-	100	83	**183**
At 31 January 2020	-	1,901	1,887	**3,788**
Net book value at 31 January 2020	**2,086**	**172**	**1,222**	**3,480**
Net book value at 30 April 2019	1,361	250	313	**1,924**

Amortisation is charged to operating expenses in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

14. Investments

The Company is the sole shareholder in Integrated Aluminium Components Limited, a manufacturer of metal components used in the manufacture of metered dose inhaler valves. The investment is stated at cost less allowance for impairment.

	31 December 2020 £000	31 January 2020 £000
At 31 January 2020/31 December 2020	**91**	91
Impairment at 31 January 2020/31 December 2020	**(91)**	(91)
Net book value at 31 December 2020 / 31 January 2020	**-**	-

The investment has been impaired while the Company realigns its product portfolio.

The Company has the following investments in subsidiaries:

	Country of Incorporation	Class of shares held	Ownership
Integrated Aluminium Components Limited	UK	Ordinary	100%
Bespak LLC*	US	Ordinary	100%
The Medical House Ltd*	UK	Ordinary	100%

*As a result of a Group Restructure during the year, these companies were transferred at £1 to Bespak Europe Limited.

The registered office of all subsidiaries is Bergen Way, North Lynn Industrial Estate, King's Lynn, Norfolk, PE30 2JJ.

The principal activities of the investments are as follows

Integrated Aluminium Components Limited	Manufacture and sale of anodised parts and deep drawn pressings
Bespak LLC*	Non - trading
The Medical House Ltd*	Holding company

NOTES TO THE FINANCIAL STATEMENTS

15. Finance lease receivable

	31 December 2020 £000	31 January 2020 £000
Current finance lease receivable	**1,248**	1,248
Non-current finance lease receivable	**2,173**	3,433
	3,421	4,681

	Minimum lease payments		Present value of future lease payments	
	31 December 2020 £000	31 January 2020 £000	**31 December 2020 £000**	31 January 2020 £000
Not later than one year	**1,368**	1,422	**1,248**	1,248
Later than one and not later than five years	**2,265**	3,632	**2,173**	3,433
Later than five years	**-**	-	**-**	-
	3,633	5,054	**3,421**	4,681
Less unearned finance income	**(212)**	(373)	**n/a**	n/a
Present value of minimum lease payments	**3,421**	4,681	**3,421**	4,681
	3,421	4,681	**3,421**	4,681

The unguaranteed residual value of assets leased under finance leases at 31 December 2020 was £nil (31 January 2020: £nil). The finance lease receivable at 31 December 2020 was neither past due nor impaired.

16. Inventories

	31 December 2020 £000	31 January 2020 £000
Raw materials and consumables	**15,752**	12,504
Work in progress	**3,453**	3,833
Finished goods	**3,832**	4,898
	23,037	21,235

The carrying amount of Inventory at 31 December 2020 was net of provisions for impairment amounting to £1,525,000 (31 January 2020: £1,071,000). During the 11-month period to 31 December £683,000 of inventories were written off (9 months to 31 January 2020 £928,000).

17. Trade and other receivables

	31 December 2020 £000	31 January 2020 £000
Amounts due within one year:		
Trade receivables	**19,180**	17,380
Amounts receivable from Parent undertakings	**27,915**	18,345
Amounts receivable from Group undertakings	**6**	38
Other receivables	**1,005**	3,280
Derivative financial instruments	**167**	-
Prepayments	**1,117**	1,050
Contract assets	**753**	1,405
	50,143	41,498

The Company does not hold any collateral as security.

Trade receivables is a net of a provision of £289,000 (31 January 2020: £nil) for bad and doubtful debt.

Amounts receivable from Group undertakings on which interest is charged are at rates linked to the Bank of England base rate. The directors consider that the carrying amount of trade receivables approximates their fair value.

As at 31 December 2020 there was £289,000 provision for expected credit losses in respect of trading amounts (31 January 2020: £nil).

During the period £612,000 of the amounts receivable from group undertakings was provided for (9 months to 31 January 2020: £1,681,000). In total the full loan amounting to £6,053,000 has been provided for (31 January 2020: £5,441,000).

The Company entered into a finance lease agreement as lessor in respect of plant and equipment. The finance lease receivable includes £209,000 of contract assets (31 January 2020: £174,000).

18. Cash and cash equivalents

	31 December 2020 £000	31 January 2020 £000
Cash at bank and in hand	**15,346**	5,840

NOTES TO THE FINANCIAL STATEMENTS

19. Trade and other payables

	31 December 2020 £000	31 January 2020 £000
Amounts due within one year:		
Lease liabilities (note 12)	**323**	302
Trade payables	**11,923**	6,736
Amounts payable to Parent undertakings	**17,231**	14,008
Amounts payable to Other undertakings	**426**	308
Other taxation and social security	**844**	722
Other payables	**9,581**	10,785
Derivative financial instruments	**-**	24
Contract liabilities	**678**	678
Accruals	**1,187**	905
	42,193	34,468

	31 December 2020 £000	31 January 2020 £000
Amounts due after one year:		
Lease liabilities (note 12)	**695**	1,068
	695	1,068

Amounts payable to Group undertakings include short term loans on which interest is charged linked to the Bank of England base rate. The directors consider that the carrying amount of trade payables approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

20. Provisions for liabilities

	Employee benefits £000	Total £000
At 1 February 2020	23	23
Utilised in the period	(23)	(23)
At 31 December 2020	-	-

	31 December 2020 £000	31 January 2020 £000
Analysis of total provision		
Current	-	23

Employee benefits represent a provision for national insurance contributions on share options and other share-based payments.

For all provisions, the amounts provided represent management's best estimate of the most likely outcome.

NOTES TO THE FINANCIAL STATEMENTS

21. Pensions and other post-employment benefits

Pension benefits are provided by defined benefit schemes, whereby retirement benefits are based on employee pensionable remuneration and length of service, and by defined contribution schemes, whereby retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee.

The costs associated with these schemes are shown in the table below:

Pension costs	31 December 2020 £000	31 January 2020 £000
UK defined contribution scheme	**2,982**	2,155
Total charged to employee costs (note 4)	**2,982**	2,155
Net interest included in other finance expense (note 8)	**324**	262
Total cost of pensions charged to income statement	**3,306**	2,417

In 2002, the Bespak Retirement Benefits Scheme (a defined benefit pension scheme) was closed to new members. Furthermore, from 31 March 2016 the Scheme was closed to further accrual via a deed of amendment between the Group and the Trust. Following the Scheme closure, all former active members became deferred members and the provision of pension benefits was migrated to a defined contribution pension scheme which is also available to new employees.

As at 31 December 2020, the Bespak IAS 19 deficit was £17,254,000 compared with £22,151,000 as at 31 January 2020. The decrease in the deficit was primarily due to changes in actuarial assumptions, including a lower discount rate.

The latest triennial actuarial valuation of the Bespak Pension Scheme was performed by an independent actuary for the trustees of the scheme and was carried out as at 30 April 2020. In February 2021, the Group and the Trustees agreed this actuarial valuation which recorded a deficit of £35,000,000 as at the valuation date. As part of the agreement, the Group undertook to make deficit recovery contributions at the following rates:

- January 2021 – December 2023: £3.5m per annum
- January 2024 – December 2026: £3.8m per annum
- January 2027 – November 2029: £4.0.m per annum

Pension deficit contributions for the 11 months ended 31 December 2020 totalled £2,750,000 for the Bespak scheme (9 months ended 31 January 2020: £2,000,000). Any contributions in excess of the deficit are ultimately refundable to the Group under the Scheme rules.

Contributions are determined in accordance with the advice of an independent, professionally qualified actuary. Pension costs of defined benefit schemes for accounting purposes have been assessed in accordance with independent actuarial advice, using the projected unit method. Liabilities are assessed annually in accordance with the advice of an independent actuary.

21. Pensions and other post-employment benefits continued

The components of the costs of the defined benefits schemes are shown in the following table.

	31 December 2020 £000	31 January 2020 £000
Net interest expense	**324**	262
Total defined benefit pension cost recognised in the income statement	**324**	262
Actuarial (gains)/losses immediately recognised	**(2,497)**	9,072
Total pension (gain) expense recognised in the statement of comprehensive income	**(2,497)**	9,072
Cumulative amount of actuarial losses immediately recognised	**30,394**	32,891

The assets and liabilities of the Bespak defined benefit schemes are calculated in accordance with IAS19 Employee Benefits (Revised) and are set out in the table below:

	Present value of obligation £000	**Fair value of plan assets £000**	**Total £000**
At 1 February 2020	143,666	(121,515)	22,151
Past service cost	26	-	26
Interest expense (note 8)	2,211	(1,887)	324
Amount charged to income statement	2,240	(1,887)	353
Return on scheme assets (excluding interest)	-	(9,521)	(9,521)
Effect of demographic changes	(773)	-	(773)
Effect of changes in financial assumptions	10,625	-	10,625
Effect of experience adjustments	(2,828)	-	(2,828)
Amount taken to equity	7,024	(9,521)	(2,497)
Contributions – employers	-	(2,750)	(2,750)
Payment from plans – benefit payments	(3,540)	3,540	-
At 31 December 2020	**149,387**	**(132,133)**	**17,254**
At 1 May 2019	128,776	(113,959)	14,817
Interest expense (note 8)	2,382	(2,123)	259
Amount charged to income statement	2,382	(2,123)	259
Return on plan assets (excluding interest)	-	(6,868)	(6,868)
Effect of changes in financial assumptions	15,943	-	15,943
Amount taken to equity	15,943	(6,868)	9,075
Contributions – employers	-	(2,000)	(2,000)
Payment from plans – benefit payments	(3,435)	3,435	-
At 31 January 2020	**143,666**	**(121,515)**	**22,151**

21. Pensions and other post-employment benefits continued

Disclosure of principal assumptions

The principal actuarial assumptions adopted at the balance sheet date were as follows:

	31 December 2020	31 January 2020
Discount rate	**1.4%**	1.7%
Future RPI inflation	**2.9%**	2.8%
Future CPI inflation	**2.1%**	2.0%
Future salary increases	**2.6%**	2.5%
RPI inflation capped at 5% pa	**2.8%**	2.7%
RPI inflation capped at 5% pa with a minimum of 3% pa	**3.5%**	3.5%
RPI inflation capped at 2.5% pa	**2.0%**	2.0%

The current life expectancies (in years) underlying the value of the accrued liabilities are as follows:

	31 December 2020		31 January 2020	
	Male	**Female**	Male	Female
Member currently aged 65	**22.0**	**24.0**	21.5	24.1
Member currently aged 45	**22.8**	**25.2**	22.9	25.7

Sensitivity analysis of the principal assumptions used to measure the scheme liabilities

The sensitivity of the scheme's liabilities to changes in the principal assumptions used to measure these liabilities is illustrated below. The illustrations consider the single change shown with the other assumptions assumed to be unchanged. In practice, changes in one assumption may or may not be accompanied by offsetting changes in another assumption.

Certain changes in the assumptions will be as a result of changes in market yields. Where this is the case, the market value of scheme assets may change simultaneously, which may or may not offset the change in assumptions. For example, a fall in interest rates will increase the scheme's liabilities, but may also trigger an offsetting increase in the market value of assets so that the net effect on the total liability is reduced.

Assumption	Change in assumption	Impact of Scheme's accrued liabilities
Discount rate	Decrease by 0.25% pa	Increase by 5.3%
Rate of inflation increase	Decrease by 0.25% pa	Decrease by 3.2%
Rate of inflation increase	Increase by 0.25% pa	Increase by 3.3%
Rate of salary increase	Decrease by 0.25% pa	Decrease by 0.7%
Rate of salary increase	Increase by 0.25% pa	Increase by 0.8%
Rate of mortality	Members assumed to live one year longer	Increase by 3.8%

NOTES TO THE FINANCIAL STATEMENTS

21. Pensions and other post-employment benefits continued

The split of the Bespak scheme's investments between principal asset categories is as follows:

The overall expected return on assets has been calculated as the weighted average of the expected return for the principal asset categories, net of investment expenses, held by the plan as follows:

	31 December 2020		31 January 2020	
	Total assets £m	**Total %**	Total assets £m	Total %
Debt instruments	**58.7**	**44.4**	52.6	43.3
Equity instruments	**69.4**	**52.6**	66.8	55.0
Cash and cash equivalents	**4.0**	**3.0**	2.1	1.7
Overall	**132.1**	**100.0**	121.5	100.0

The scheme does not invest in the Company's own financial instruments, including property or other assets owned by the Company.

Nature and extent of the risks arising from financial instruments held by the scheme

Investments are spread across a range of bonds, UK and overseas equities and hedge funds/diversified growth funds. Spreading the investments in this way reduces the risk of a sharp fall in one particular market having a substantial impact on the Scheme. The Trustees have a substantial holding of equity and hedge fund investments. The overall target is for 55% of the scheme's assets to be invested in a globally diversified portfolio of these funds and this target split 10% UK equities, 30% overseas equities, 5% emerging markets equities and 10% diversified growth funds.

How the liabilities arising from the scheme are measured

The Company provides retirement benefits via the scheme to some of its former employees and approximately 20% of current UK employees. The level of retirement benefit is linked to final pensionable salary and period of service as a scheme member.

The projected liabilities of the scheme are apportioned between members' past and future service using the projected unit actuarial cost method. The deficit reported in the balance sheet is the difference between the projected liability allocated to past service (the defined benefit obligation) and the market value of the assets of the scheme. The defined benefit obligation makes allowance for future salary growth.

Future funding obligations in relation to the scheme

The trustees have selected a funding target based on the scheme being closed to new members, with the link to final salaries being maintained. The agreed funding objective is to reach, and then maintain, assets equal to 100% of the value of the projected past service liabilities, assessed on an ongoing basis, allowing for future pensionable salary increases for active members. The scheme does not invest in the Company's own financial instruments, including property or other assets owned by the Company.

NOTES TO THE FINANCIAL STATEMENTS

22. Share capital and share premium

	Issued Number	Ordinary shares of 10p each £000	Share premium £000
Share capital issued and fully paid at 31 December 2020 and 31 January 2020	398,500,021	39,850	6,000

23. Parent undertaking and controlling party and related party transactions

The immediate parent undertaking is Consort Medical Limited, which owns 100% of the Company's share capital at 31st December. At 31 December 2020, the Company's ultimate parent undertaking and controlling party was Recipharm AB (publ) and consolidated group financial statements, which include this Company, are available on Recipharm's website.

After the balance sheet date, the Company's ultimate parent undertaking, Recipharm AB was acquired by RoarBidCo AB. See note 24 for details. Going forward the company's ultimate parent undertaking in which the results of this Company will be consolidated, will be Roar HoldCo AB.

The company has taken advantage of the exemptions available in paragraph 8(k) of FRS 101 as to the disclosure of transactions with group entities because the company's financial position and financial performance are included in the consolidated financial statements of Recipharm AB.

24. Share Based Payments

Share options

The Consort Medical Group operated share award schemes whereby awards were granted to employees to acquire shares in Consort Medical plc (now Consort Medical Limited) subject to the achievement by the group of certain specified performance targets. It also offered savings related share option schemes. Grants of share options were normally exercisable at the end of the three year vesting/performance period. Grants under savings related share option schemes were normally exercisable between three and ten years from the date of grant. Options under the share option schemes were normally granted at the market price as at the date of grant.

As a result of the acquisition of Consort Medical by Recipharm AB, all Consort share options fully vested on 4 February 2020. All shares in these schemes were exercised and the cost recognised within exceptional items (see Note 3).

25. Events after the reporting period

Acquisition of Recipharm AB by EQT

On 14 December 2020, EQT IX, through Roar BidCo AB, announced a public offer of SEK 220 in cash per share to the shareholders of Recipharm AB (publ), the Company's ultimate parent undertaking. On 28 January 2021, it was announced that the price in the offer had increased to SEK 232 for each share in Recipharm AB (publ). A revised offer document was published on 28 January 2021 and the acceptance period for the offer expired on 12 February 2021. On 15 February 2021, Roar BidCo announced that the offer was unconditional as they owned 95.1% of the shares in Recipharm AB and initiated a compulsory redemption of the remaining shares. As a result, Recipharm AB delisted from the Nasdaq Stock Exchange and the final day of trading was 5 March 2021.