

REGISTERED NUMBER: 03690299 (England and Wales)

**STRATEGIC REPORT, DIRECTORS' REPORT AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021
FOR
NAPP PHARMACEUTICALS LIMITED**



NAPP PHARMACEUTICALS LIMITED

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for the Year Ended 31 December 2021**

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NAPP PHARMACEUTICALS LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2021

DIRECTORS: Mr B G Lea
Mr H R Day
Mr S J Jamieson

REGISTERED OFFICE: 196 Cambridge Science Park
Milton Road
Cambridge
CB4 0AB

REGISTERED NUMBER: 03690299 (England and Wales)

INDEPENDENT AUDITORS: Ernst & Young LLP

NAPP PHARMACEUTICALS LIMITED

STRATEGIC REPORT for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

REVIEW OF BUSINESS

The company's principal activity during the period was the marketing and supply of pharmaceutical products and services and the provision of sales and marketing services to other members of the wider Napp Pharmaceuticals Holdings Limited group ('the group'). The directors expect this activity to continue for the foreseeable future.

The company's key financial and non-financial performance indicators used to assess performance during the year were turnover and headcount. These are reported in the management accounts and are reviewed by the local management team.

	2021 £'000	2020 £'000	Change %
Turnover	99,815	123,872	(19.4)
Headcount	68	170	(60.0)

Turnover has decreased by £24,057,000. The reduction in sales from 2020 to 2021 was largely due to discontinuation of Remsima in mid-2020 together with lower-priced competitor impact on biosimilars.

Headcount has decreased by 102 employees due to a business restructure aligning resources to market opportunity.

The profit after tax for the financial year was £2,439,000 (2020: £3,452,000).

The directors did not declare a dividend during the year (2020: £nil).

NAPP PHARMACEUTICALS LIMITED

STRATEGIC REPORT - continued for the Year Ended 31 December 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The company is part of the wider Napp Pharmaceutical Holdings Limited group ('the group') of companies in the UK. The principal activity of the group is the manufacture and supply of pharmaceutical products. As such, the principal risks and uncertainties of the company are the same as the group and are set out below:

Competitive Risks

The pharmaceutical industry remains highly competitive and includes major pharmaceutical companies with large resource bases. The group is diversifying its range of products to help minimise risk exposure and as part of this diversification, the group is competing with other pharmaceutical companies for third party partnership deals. There has been continued regulatory and political pressure to limit the cost of pharmaceutical products.

Pricing Environment

The group sells almost all its products into the UK National Health Service (NHS). The voluntary scheme for branded medicines pricing and access is a non-contractual voluntary agreement between the Department of Health and Social Care (DHSC) and the Association of the British Pharmaceutical Industry (ABPI). The voluntary scheme started on 1 January 2019 and will be in place for 5 years until 2023. The effective payment rate in 2021 was 5.1% (2020: 5.9%). The rate for 2022 is 15.0%.

Market Risks

Following the UK leaving the European Union on 31 January 2020 the group has taken adequate measures to mitigate risks through the transitional period to 31 December 2021 including adoption of the new rules from 1 January 2021.

Legislative Risks

Before each product is launched it must be approved by the regulatory authorities. Delays in launch dates or even failure to obtain a licence to launch could have an adverse effect on the financial results of the group. Once a product is approved the group is still subject to ongoing control and regulation.

NAPP PHARMACEUTICALS LIMITED

STRATEGIC REPORT - continued for the Year Ended 31 December 2021

STATEMENT RELATING TO SECTION 172 (1) COMPANIES ACT 2006

The Board of Directors confirms that during the year under review, it has acted to promote the long-term success of the company for the benefit of shareholders, whilst having due regard to the matters set out in section 172(1) (a) to (f) of the Companies Act 2006, being:

- The likely consequences of any decision 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 the environment.
- The desirability of the company maintaining a reputation for high standards of business conduct.
- The need to act fairly as between members of the company.

Each of the directors is mindful of their duties under section 172 (s172) to run the company for the benefit of its shareholders, and in doing so, to take into account the long-term impact of any decisions on stakeholder relationships and the impact of its activities on its reputation for high standards of business conduct.

Principal Board Decisions

There were no principal board decisions made during the year.

Stakeholder Engagement

Employees

The company actively engages with its employees across several communication channels, including employee meetings, internal employee consultation forums, employment engagement surveys and other ad hoc meetings. Key subjects that have been discussed through these channels include the business's performance vs key priorities, employee wellbeing, the impacts of the COVID-19 pandemic to the business post year-end, and remote working.

Suppliers

The company considers its relationships with suppliers as critical to the overall performance of the business, proactively engaging with suppliers as partners and routinely seeking feedback.

Customers

Working in partnership with the group's customers and wholesalers enables the business to deliver on its priority to become a partnership driven business and to deliver commercial excellence in everything that it does. The company considers these relationships of strategic importance to the success of the business and is in regular dialogue with these key stakeholders.

Patients, Patient Groups, Healthcare Professionals, Regulatory and Industry Bodies

The group continues to be members of both the Association of the British Pharmaceutical Industry (ABPI) and the British Biosimilar Association, and actively participates in matters of significance to the group. As a member of the ABPI, the group is subject to regulation by the Prescription Medicines Code of Practice Authority (PMCPA).

NAPP PHARMACEUTICALS LIMITED

STRATEGIC REPORT - continued for the Year Ended 31 December 2021

Stakeholder Engagement - continued

Group representatives from commercial functions are in regular contact with healthcare professionals to promote medicines within the terms of the marketing authorisations and in alignment with all applicable rules and regulations. Similarly, employees of medical & scientific functions are engaged with healthcare professionals for non-promotional discussions. In addition, the group provides non-promotional educational training at no cost to healthcare professionals through its Napp Academy Platform, working in partnership with highly respected education providers, such as Education for Health and Practice Nurse.

Marketing authorisations and licences, as well as pharmacovigilance in the UK, are regulated by the MHRA (Medicines and Healthcare Products Regulatory Agency). The group therefore remains in regular contact with the MHRA.

Community

The group has a strong focus on the community. Programmes such as "Giving Matters" and "Napp Match" have seen several employee initiatives result in charitable donations made to a wide variety of UK charities. In addition, each year employees are able to take one day's paid leave to support a charitable cause of their choosing. In 2021, the group also supported several employees in providing voluntary support to the NHS during the COVID-19 crisis.


Napp Pharmaceutical Group Pension Scheme

The company has a positive relationship with the Pension Trustee and seeks to ensure that all pension scheme members are kept well informed of matters affecting their pension benefits.

Other stakeholders

The company understands that relationships with other stakeholders such as HMRC, the Department of Health and Social Care, banking partners and other professional advisors are a key component in the success of the business and places an emphasis on fostering these critical relationships.

ON BEHALF OF THE BOARD:

DocuSigned by:
Hywel Day
 Signer Name: Hywel Day
Signing Reason: I approve this document
Mr H R Day - Director
Signing Time: 30 November 2022 | 1:27:01 PM GMT
E9689D16B70C4356BE608F14977050D3
30 November 2022
Date:

NAPP PHARMACEUTICALS LIMITED

DIRECTORS' REPORT for the Year Ended 31 December 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

DIVIDENDS

The directors neither declared nor paid a dividend during the year (2020: £nil).

FUTURE DEVELOPMENTS

The directors do not anticipate any changes in the principal activity in the foreseeable future.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

Mr B G Lea
Mr H R Day
Mr S J Jamieson

CHARITABLE DONATIONS

During the year the company made charitable contributions of £nil (2020: £30,000).

GOING CONCERN AND COVID-19

The company's business activities, together with the factors likely to affect its future development, are described in the Strategic Report.

The company is a member of the Napp Pharmaceutical Holdings Limited group, and is subject to the overall financing arrangements of the group. As such, the directors have received a formal letter of support from the company's parent undertaking, Napp Pharmaceutical Holdings Limited, guaranteeing continued financial support to enable the company to meet its liabilities to creditors as they fall due for the period to 31 December 2023. The directors have assessed that Napp Pharmaceutical Holdings Limited has sufficient resources to provide such support notwithstanding the risks and uncertainties disclosed in its consolidated financial statements.

The ongoing COVID-19 pandemic has impacted performance in 2021, however, the company, through its group activities, expects to see continued demand for its product portfolio, which notably contains many well-established products treating chronic conditions. Whilst the COVID-19 pandemic has had short-term impact on a limited number of the company's domestic product sales, either due to the NHS delaying or postponing patient treatments or due to restricted access to healthcare professionals, demand for these products is recovering and the impact on the business has not been material. The company has also realised operating cost savings due to the travel and promotional restrictions arising from COVID-19. In addition, throughout the COVID-19 crisis, the company's staff have successfully transitioned to virtual working, ensuring the continued running of the business. The impacts of COVID-19 have been fully reflected in the group's latest financial projections which shows that the group remains in a strong position to support the company through to 31 December 2023.

NAPP PHARMACEUTICALS LIMITED

DIRECTORS' REPORT - continued for the Year Ended 31 December 2021

GOING CONCERN AND COVID-19 - continued

Based on this assessment the directors continue to adopt the going concern basis in preparing the annual report and accounts.

STREAMLINED ENERGY AND CARBON REPORTING (SECR)

The company's SECR reporting, climate change and GHG emissions are included within the consolidated accounts of the wider group.

Individual company amounts have not been disclosed because the entity is part of an integrated group and the relevant amounts are measured and monitored on a group level.

DISABLED EMPLOYEES

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately covered by a handicapped or a disabled person.

With regard to existing disabled employees and those that have become disabled during the course of their employment, the company has continued to examine ways and means of providing continuing employment under normal terms and conditions and to provide training and career development opportunities where appropriate.

EMPLOYEE INVOLVEMENT

During the year, information about the company has been supplied to employees through management meetings and other direct communication.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information; and to establish that the company's auditor is aware of that information.

DIRECTORS' QUALIFYING THIRD PARTY PROVISIONS

The company has taken out insurance to indemnify the directors of the company against third party proceedings, subject to the terms of the policies and the conditions set out in the Companies Act 2006. These indemnity policies subsisted throughout the year and remain in place at the date of this report.


NAPP PHARMACEUTICALS LIMITED

**DIRECTORS' REPORT - continued
for the Year Ended 31 December 2021**

AUDITOR

The auditor, Ernst & Young LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

DocuSigned by:
Hywel Day
 Signer Name: Hywel Day
..... Signing Reason: I approve this document.....
Mr H Day Director
..... Signed Time: 30 November 2022 | 1:27:43 PM GMT
..... E9689D16B70C4356BE608F14977050D3

Date: 30 November 2022
.....

NAPP PHARMACEUTICALS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES for the Year Ended 31 December 2021

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company 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 in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAPP PHARMACEUTICALS LIMITED

Opinion

We have audited the financial statements of Napp Pharmaceuticals Limited for the year ended 31 December 2021 which comprise the Statement of comprehensive income, Balance sheet, Statement of changes in equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the 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 a period to 31 December 2023.

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.

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 contained within the annual report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAPP PHARMACEUTICALS LIMITED

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.

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement [set out on page 9], 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAPP PHARMACEUTICALS LIMITED

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.

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.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, the Financial Reporting Standard 102, HM Revenue & Customs regulations and other UK Tax Legislation.
- We understood how Napp Pharmaceuticals Limited is complying with those frameworks through enquiry with management and by identifying the company's policies and procedures regarding compliance with laws and regulations. We also identified those members of management who have the primary responsibility for ensuring compliance with laws and regulations, and for the reporting of any known instances of non-compliance to those charged with governance.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by obtaining and reading company policies and holding enquiries of management and those charged with governance.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
 - Enquiry of senior management, and when appropriate, those charged with governance regarding their knowledge of any non-compliance or potential non-compliance with laws and regulations that could affect the financial statements.
 - Auditing the risk of management override of controls, through testing of a sample of journal entries and other adjustments for appropriateness;

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NAPP PHARMACEUTICALS LIMITED

- Enquiry of management, coupled with testing of journal entries, in order to identify and understand any significant transactions outside of the normal course of business;
- Challenging the judgements made by management through corroborating the basis for those judgements and considering contradicting evidence;
- Reading board minutes for matters that indicated non-compliance; and
- Reading financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

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.



Ruth Logan (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Cambridge
Date: 7 December 2022

The notes form part of these financial statements

NAPP PHARMACEUTICALS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the Year Ended 31 December 2021

	Notes	2021 £'000	2020 £'000
TURNOVER	3	99,815	123,872
Cost of sales		<u>(80,018)</u>	<u>(86,746)</u>
GROSS PROFIT		19,797	37,126
Distribution costs		(986)	(1,413)
Administrative expenses		<u>(15,876)</u>	<u>(31,350)</u>
OPERATING PROFIT	6	2,935	4,363
Interest receivable and similar income	7	76	110
Other finance income		<u>6</u>	<u>16</u>
PROFIT BEFORE TAXATION		<u>3,017</u>	<u>4,489</u>
Tax on profit	8	<u>(578)</u>	<u>(1,037)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>2,439</u>	<u>3,452</u>
OTHER COMPREHENSIVE LOSS			
Actuarial gain on pension assets		1,499	4,216
Actuarial loss on pension liabilities		126	(5,727)
Effects of experience adjustments		(2,449)	689
Income tax relating to components of other comprehensive loss		<u>157</u>	<u>156</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF INCOME TAX		<u>(667)</u>	<u>(666)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>1,772</u></u>	<u><u>2,786</u></u>


The notes form part of these financial statements

NAPP PHARMACEUTICALS LIMITED (REGISTERED NUMBER: 03690299)

BALANCE SHEET
31 December 2021

	Notes	2021 £'000	2020 £'000
FIXED ASSETS			
Tangible assets	9	3	7
CURRENT ASSETS			
Debtors	10	18,407	19,994
Cash at bank		<u>17</u>	<u>20</u>
		18,424	20,014
CREDITORS			
Amounts falling due within one year	11	<u>(8,650)</u>	<u>(11,819)</u>
NET CURRENT ASSETS		<u>9,774</u>	<u>8,195</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		9,777	8,202
PROVISIONS FOR LIABILITIES	13	<u>(81)</u>	<u>(278)</u>
NET ASSETS		<u>9,696</u>	<u>7,924</u>
CAPITAL AND RESERVES			
Called up share capital	14	1	1
Retained earnings		<u>9,695</u>	<u>7,923</u>
SHAREHOLDERS' FUNDS		<u>9,696</u>	<u>7,924</u>

The financial statements were approved by the Board of Directors and authorised for issue on 30 November 2022 and were signed on its behalf by:

DocuSigned by:
Hywel Day
 Signer Name: Hywel Day
Signing Reason: I approve this document
Signed Time: 30 November 2022 | 1:28:16 PM GMT
Mr Hywel Day Director
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The notes form part of these financial statements

NAPP PHARMACEUTICALS LIMITED

**STATEMENT OF CHANGES IN EQUITY
for the Year Ended 31 December 2021**

	Called up share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 January 2020	1	5,137	5,138
Changes in equity			
Profit for the year	-	3,452	3,452
Other comprehensive income	-	(666)	(666)
	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	2,786	2,786
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2020	1	7,923	7,924
	<hr/>	<hr/>	<hr/>
Changes in equity			
Profit for the year	-	2,439	2,439
Other comprehensive income	-	(667)	(667)
	<hr/>	<hr/>	<hr/>
Total comprehensive income	-	1,772	1,772
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2021	1	9,695	9,696
	<hr/>	<hr/>	<hr/>

The notes form part of these financial statements

NAPP PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2021

1. STATUTORY INFORMATION

Napp Pharmaceuticals Limited is a private company, limited by shares, registered in England and Wales. The registered office is Cambridge Science Park, Milton Road, Cambridge, CB4 0AB.

2. ACCOUNTING POLICIES

Statement of compliance and basis of preparation of the financial statements

The financial statements of the company have been approved for issue by the board of directors.

The company's financial statements have been prepared in accordance with applicable UK accounting standards including FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006, as they apply to the financial statements of the company for the year ended 31 December 2021.

The financial statements are presented in UK pounds sterling which is the functional currency of the company and are rounded to the nearest £'000.

Going concern and COVID-19

The company's business activities, together with the factors likely to affect its future development are described in the Strategic Report.

The company is a member of the Napp Pharmaceutical Holdings Limited group, and is subject to the overall financing arrangements of the group. As such the directors have received a formal letter of support from the company's parent undertaking, Napp Pharmaceutical Holdings Limited, guaranteeing continued financial support to enable the company to meet its liabilities to creditors as they fall due for the period to 31 December 2023. The directors have assessed that Napp Pharmaceutical Holdings Limited has sufficient resources to provide such support notwithstanding the risks and uncertainties disclosed in its consolidated financial statements.

NAPP PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

The ongoing COVID-19 pandemic has impacted performance in 2021, however, the company expects to see continued demand for its product portfolio, which notably contains many well-established products treating chronic conditions. Whilst the COVID-19 pandemic has had short-term impact on a limited number of the company's domestic product sales, either due to the NHS delaying or postponing patient treatments or due to the restricted access to healthcare professionals, demand for these products is recovering and the impact on the business has not been material. The company has also realised operating cost savings due to the travel and promotional restrictions arising from COVID-19. In addition, throughout the COVID-19 crisis, the company's staff have successfully transitioned to virtual working, ensuring the continued running of the business. The impacts of COVID-19 have been fully reflected in the group's latest financial projections which shows that the group remains in a strong position to support the company through to 31 December 2023.

Based on this assessment the directors continue to adopt the going concern basis in preparing the annual report and accounts.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 102 reduced disclosure framework:

- The requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d)
- The requirements of Section 11 Basic Financial Instruments paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c).
- The requirements of Section 12 Other Financial Instruments Issues paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A
- The requirement of Section 33 Related Party Disclosures paragraph 33.7 disclosure of key management personnel compensation.

Significant judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

NAPP PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates - continued

Pension and other post-employment benefits

The cost of defined benefit pension plans and other post-employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

The following criteria must also be met before revenue is recognised:

Sales of goods: revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods;

Sales of services: revenue is recognised when the associated cost is incurred. Services are billed on a cost plus basis.

Tangible fixed assets

All fixed assets are initially recorded at cost and stated at cost less accumulated depreciation and accumulated impairment losses. Such costs includes those directly attributable to making the asset capable of operating as intended.

Depreciation

Depreciation is provided on all tangible fixed assets, other than assets under the course of construction, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Computer equipment - over 3 - 4 years

The carrying values of tangible fixed assets are reviewed for impairment in periods where events or changes in circumstances indicate the carrying value may not be recoverable.

NAPP PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets and unrelieved tax losses are only recognised to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities, or other future taxable profits.

Deferred tax is measured on a non-discounted basis using the tax rates that are expected to apply in the periods in which the timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are initially recorded sterling at the spot exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to the Statement of Comprehensive Income.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The proportion of outstanding payments, excluding interest, due within one year is included under current liabilities.

Rentals payable under operating leases are charged in the profit and loss account on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis.

NAPP PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company is a member of the defined benefit section of the Napp Pharmaceutical Group Pension Scheme, which requires contributions to be made to a separately administered fund. Membership of the scheme was closed to new members in September 2002 and closed to further benefit accrual by members from 30 June 2015, although a link to final salary remains for those members still in employment.

The scheme is a multi-employer scheme with the risks shared between entities party to the scheme given there is a stated policy of charging the defined benefit cost of the plan as a whole to these entities. Each company has recognised its proportion of the defined benefit cost and relevant net defined benefit asset or liability of the overall plan in their individual financial statements.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement, or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain, or loss, which is recognised in the Statement of Comprehensive Income during the period in which it occurs.

The net interest element is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in profit or loss as other finance revenue or cost.

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest) are recognised immediately in Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to profit and loss in subsequent periods.

The defined net benefit pension asset or liability in the balance sheet comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is limited to the amount that may be recovered either through reduced contributions or agreed refunds from the scheme.

NAPP PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits - continued

The Napp Pharmaceutical Group Pension Scheme established a defined contribution section of the pension scheme as of the 1 September 2002. All employees are eligible to join the defined contribution pension section of the pension scheme. Contributions to the defined contribution schemes are recognised in the profit and loss account in the period in which they become payable.

Short term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in administrative expenses.

Interest

All interest-bearing loans and borrowings which are basic financial instruments are initially recognised at the present value of cash payable (including interest). After initial recognition they are measured at amortised cost using the effective interest rate method, less impairment. The effective interest rate amortisation is included in finance revenue in the income statement.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2021 £'000	2020 £'000
Supply of Goods	99,475	123,349
Revenue from Services	<u>340</u>	<u>523</u>
	<u>99,815</u>	<u>123,872</u>

An analysis of turnover by geographical market is given below:

	2021 £'000	2020 £'000
United Kingdom	<u>99,815</u>	<u>123,872</u>

Turnover represents the invoiced amount of goods sold and services provided during the year stated net of value added tax.

NAPP PHARMACEUTICALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021**

4. EMPLOYEES AND DIRECTORS

	2021 £'000	2020 £'000
Wages and salaries	8,365	15,802
Social security costs	892	1,760
Other pension costs	<u>28</u>	<u>117</u>
	<u>9,285</u>	<u>17,679</u>

The average number of employees during the year was as follows:

	2021	2020
Office and management	15	74
Sales Staff	<u>53</u>	<u>96</u>
	<u>68</u>	<u>170</u>

Included in other pension costs are £nil (2020: £48,000) in respect of the defined benefit scheme (a charge for the Guaranteed Minimum Pension (GMP) Equalisation liability was included in 2020), and £28,000 (2020: £69,000) in respect of the defined contribution scheme.

NAPP PHARMACEUTICALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021****5. DIRECTORS' EMOLUMENTS**

	2021 £'000	2020 £'000
Aggregate remuneration in respect of qualifying services borne by company and group companies	<u>880</u>	<u>560</u>
Aggregate amounts receivable under long term incentive plans	<u>128</u>	<u>74</u>
	2021 No.	2020 No.
Number of directors accruing benefits under defined benefit pension schemes	<u>1</u>	<u>1</u>
	2021 £'000	2020 £'000
In respect of highest paid director: Aggregate remuneration	<u>880</u>	<u>560</u>
Aggregate amounts receivable under long term incentive plans	<u>128</u>	<u>74</u>
Accrued pension at the end of the year	<u>-</u>	<u>-</u>

In addition to the directors' remuneration disclosed above, certain directors receive remuneration from other related party companies, and consider that the level of their qualifying services to the company is negligible compared to their main roles. Given the level of the services required, their remuneration for qualifying services is £nil (2020 - £nil).

6. OPERATING PROFIT

The operating profit is stated after charging:

	2021 £'000	2020 £'000
Hire of plant and machinery	406	823
Depreciation - owned assets	4	5
Foreign exchange differences	-	3
Redundancy costs	<u>1,196</u>	<u>2,139</u>

NAPP PHARMACEUTICALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021****6. OPERATING PROFIT - continued**

The auditor's remuneration, for audit services of £22,452 (2020: £21,798) and other assurance services of £2,704 (2020: £2,625), is paid by the parent company and disclosed in the consolidated accounts.

Stocks recognised as an expense in the period were £80,018,000 (2020: £86,746,000).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2021 £'000	2020 £'000
Interest on amounts due from group undertakings	<u>76</u>	<u>110</u>

8. TAXATION**Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	2021 £'000	2020 £'000
Current tax:		
UK corporation tax	576	940
Corporation tax (over)/under provided in previous years	<u>-</u>	<u>96</u>
Total current tax	<u>576</u>	<u>1,036</u>
Deferred tax:		
Origination and reversal of timing differences	2	2
Adjustment in respect of prior periods	<u>-</u>	<u>(1)</u>
Total deferred tax	<u>2</u>	<u>1</u>
Tax on profit	<u>578</u>	<u>1,037</u>

UK corporation tax has been charged at 19% (2020 - 19%).

NAPP PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

8. TAXATION - continued

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £'000	2020 £'000
Profit before tax	<u>3,017</u>	<u>4,489</u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	573	853
Effects of:		
Expenses not deductible for tax purposes	5	89
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>95</u>
Total tax charge	<u>578</u>	<u>1,037</u>

Tax effects relating to effects of other comprehensive income

	2021		
	Gross £'000	Tax £'000	Net £'000
Actuarial gain on pension assets	1,499	(285)	1,214
Actuarial loss on pension liabilities	126	(24)	102
Effect of experience adjustments	<u>(2,449)</u>	<u>466</u>	<u>(1,984)</u>
	<u>(824)</u>	<u>157</u>	<u>(667)</u>

	2020		
	Gross £'000	Tax £'000	Net £'000
Actuarial gain on pension assets	4,216	(802)	3,414
Actuarial loss on pension liabilities	<u>(5,727)</u>	<u>1,088</u>	<u>(4,639)</u>
Effect of experience adjustments	<u>689</u>	<u>(130)</u>	<u>558</u>
	<u>(822)</u>	<u>156</u>	<u>(666)</u>

NAPP PHARMACEUTICALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021****8. TAXATION - continued**

	2021 £'000	2020 £'000
Current tax:		
In relation to defined benefit pension arrangements	<u>(157)</u>	<u>(156)</u>

Factors that may affect 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%.

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 enacted at the balance sheet date and hence have been reflected in the measurement of any deferred tax balances.

9. TANGIBLE FIXED ASSETS

	Computer equipment £'000
COST	
At 1 January 2021 and 31 December 2021	<u>101</u>
DEPRECIATION	
At 1 January 2021	94
Charge for year	<u>4</u>
At 31 December 2021	<u>98</u>
NET BOOK VALUE	
At 31 December 2021	<u>3</u>
At 31 December 2020	<u>7</u>

NAPP PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021

10. DEBTORS

	2021 £'000	2020 £'000
Amounts falling due within one year:		
Trade debtors	10,394	13,253
Amounts owed by group undertakings	7,777	6,053
Other debtors	-	132
Prepayments and accrued income	<u>219</u>	<u>536</u>
	<u>18,390</u>	<u>19,974</u>
Amounts falling due after more than one year:		
Deferred tax	<u>17</u>	<u>20</u>
Aggregate amounts	<u>18,407</u>	<u>19,994</u>

Outstanding balances on trade debtors are unsecured, interest free and cash settlement is expected within 30 days of invoice.

The deferred tax asset is made up as follows:

	Deferred tax £'000
Balance at 1 January 2021	20
Deferred tax charge in profit and loss	<u>(3)</u>
Balance at 31 December 2021	<u>17</u>

	2021 £'000	2020 £'000
Decelerated capital allowances	<u>17</u>	<u>20</u>
	<u>17</u>	<u>20</u>

NAPP PHARMACEUTICALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021****11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£'000	£'000
Trade creditors	2,730	1,733
Corporation tax	420	785
Social security and other taxes	335	440
Other creditors and accruals	<u>5,165</u>	<u>8,861</u>
	<u>8,650</u>	<u>11,819</u>

Outstanding balances with entities are unsecured, interest free and cash settlement is expected within 30 days of invoice.

12. LEASING AGREEMENTS

Future minimum rentals payable under non-cancellable operating leases are for plant and machinery as follows:

	2021	2020
	£'000	£'000
Operating leases which expire:		
Within one year	316	749
In two to five years	<u>302</u>	<u>911</u>
	<u>618</u>	<u>1,660</u>

13. PROVISIONS FOR LIABILITIES

	2021	2020
	£'000	£'000
Other provisions	<u>81</u>	<u>278</u>

Amounts included in other provisions relates to a long-term incentive plan for its key employees. The provision is expected to unwind over a three year period commencing in 2022. No discount will be applied to the provision.

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:		Nominal value:	2021	2020
Number:	Class:		£	£
1,000	Ordinary shares	£1	<u>1,000</u>	<u>1,000</u>

NAPP PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

14. CALLED UP SHARE CAPITAL - continued

The company has one class of ordinary shares which carries no right to fixed income.

Retained earnings

The retained earnings reserve holds the retained earnings of the group, after the deduction of any dividends paid in the period.

15. EMPLOYEE BENEFIT OBLIGATIONS

The company participates in a multi-employer defined benefit pension scheme operated by Napp Pharmaceutical Holdings Limited, the Principal Employer. The company also participates in a defined contribution master trust arrangement managed by Legal and General. The assets of each arrangement are administered by trustees and are held separately from those of the company in independently administered funds.

A Statutory Funding valuation of the defined benefit pension scheme was carried out as at 31 December 2019 by the Scheme Actuary. This valuation has been updated to 31 December 2021 using assumptions appropriate under Financial Reporting Standard 102 for the purposes of these financial statements. The scheme's assets are stated at their market value on the balance sheet dates.

The net defined benefit surplus has been separately identified by the Corporate Actuary.

There has been a reduction in the net defined benefit surplus during 2021 as calculated by the Corporate Actuary under Financial Reporting Standard 102. In summary, a decrease in bond yields, increasing the defined benefit obligation, has been the main reason for this reduction, partly offset by company deficit reduction contributions and investment returns, but the overall net position continues to be a pension scheme asset surplus. This has not been recognised as the company is unable to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

The amounts included in the accounts of the company relate solely to their proportion of the overall assets and liabilities of the net defined benefit pension scheme.

NAPP PHARMACEUTICALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021**

15. EMPLOYEE BENEFIT OBLIGATIONS - continued

The amounts recognised in the balance sheet are as follows:

	Defined benefit pension	
	2021 £'000	2020 £'000
Present value of funded obligations	(45,646)	(43,896)
Fair value of plan assets	<u>45,646</u>	<u>43,896</u>
Net liability	<u>-</u>	<u>-</u>

The amounts recognised in profit or loss are as follows:

	Defined benefit pension	
	2021 £'000	2020 £'000
Net interest from net defined benefit asset/liability	(6)	(16)
Administrative costs	<u>72</u>	<u>84</u>
	<u>66</u>	<u>68</u>
Actual return on plan assets	<u>2,154</u>	<u>5,108</u>

NAPP PHARMACEUTICALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021****15. EMPLOYEE BENEFIT OBLIGATIONS - continued**

Changes in the present value of the defined benefit obligation are as follows:

	Defined benefit pension	
	2021	2020
	£'000	£'000
Opening defined benefit obligation	43,896	39,508
Interest cost	650	780
Actuarial (gain)/loss	(126)	5,752
Benefits paid	(1,223)	(1,455)
Effect of experience adjustments	<u>2,449</u>	<u>(689)</u>
	<u>45,646</u>	<u>43,896</u>

Changes in the fair value of scheme assets are as follows:

	Defined benefit pension	
	2021	2020
	£'000	£'000
Opening fair value of scheme assets	43,896	39,508
Contributions by employer	819	806
Expected return	655	821
Actuarial gain	1,499	4,216
Benefits paid	<u>(1,223)</u>	<u>(1,455)</u>
	<u>45,646</u>	<u>43,896</u>

The amounts recognised in other comprehensive income are as follows:

	Defined benefit pension	
	2021	2020
	£'000	£'000
Effect of experience adjustments	(2,449)	689
Actuarial gain on pension assets	1,499	4,216
Actuarial gain/(loss) on pension liabilities	<u>126</u>	<u>(5,727)</u>
	<u>(824)</u>	<u>(822)</u>

NAPP PHARMACEUTICALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2021****15. EMPLOYEE BENEFIT OBLIGATIONS - continued**

The major categories of scheme assets as a percentage of total scheme assets are as follows:

	Defined benefit pension	
	2021	2020
Equities	31.40%	35.60%
Debt Instruments	64.60%	60.60%
Real estate and net current assets	4.00%	3.80%
	<u>100.00%</u>	<u>100.00%</u>

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2021	2020
Discount rate	1.90%	1.50%
Future salary increases	3.90%	3.20%
Future pension increases	3.20%	2.80%
Proportion of employees opting for early retirement	2.90%	2.20%
Price inflation (RPI)	3.20%	2.90%
Price inflation (CPI)	2.90%	2.20%

The defined benefit plan was closed to future accrual with effect from 30 June 2015.

Actuarial Assumptions: Implied Life Expectancy (years):

	2021	2020
- Current pensioners at 65 – male	23.1	23.1
- Current pensioners at 65 - female	25.4	25.4
- Future pensioners at 65 - male	24.6	24.5
- Future pensioners at 65 - female	26.9	26.8

NAPP PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2021

16. CONTINGENT LIABILITIES

	2021 £'000	2020 £'000
Contingent liabilities exist in respect of:		
Guarantees in respect of third parties	<u>1,000</u>	<u>1,000</u>
Joint and several liability under group value added tax registration	<u>8,543</u>	<u>9,962</u>

17. RELATED PARTY DISCLOSURES

Napp Pharmaceutical Holdings Limited, registered in England, is the ultimate parent company of the group of undertakings for which group accounts are drawn up and of which the company is a member, and is also the immediate parent of the company. Copies of the accounts of Napp Pharmaceutical Holdings Limited may be obtained from Cambridge Science Park, Milton Road, Cambridge, CB4 0AB.

The ultimate controlling parties identified by the company are various trusts, which are ultimately held for the benefit of the families of the late Mortimer D. Sackler, M.D. and Raymond R. Sackler, M.D. There were no transactions with these trusts during the year (2020: £nil).

Outstanding balances with related entities are unsecured, interest free and cash settlement is expected within 30 days of invoice. The company has not provided for nor benefitted from any guarantees for any related party receivables or payables. During the year ended 31 December 2021, the company has not made any provision for doubtful debts relating to amounts owed by related parties (2020: £nil).

NAPP PHARMACEUTICALS LIMITED**NOTES TO THE FINANCIAL STATEMENTS - continued**
for the Year Ended 31 December 2021

17. RELATED PARTY DISCLOSURES (continued)

The annual value of transactions and the amounts outstanding at the year end with companies related to the ultimate controlling parties in respect of transactions with those companies during the year are as follows:

	Transaction Value		Amounts Outstanding	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Purchase of raw materials and finished goods	(80,016)	(86,746)	-	-
Royalties receivable	-	-	-	-
Service charges receivable	270	523	-	6,099
Service charges payable	(1,271)	(3,811)	-	(115)
Net sundry recharges receivable/(payable)	<u>11</u>	<u>210</u>	<u>-</u>	<u>120</u>

In the opinion of the directors all of the above transactions have been carried out in the normal course of business