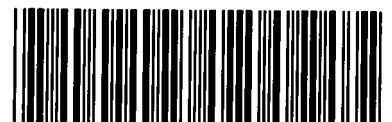


Almac Sciences Limited
Annual report and financial statements
for the year ended 30 September 2014

29 APR 2015

DELTA

WEDNESDAY



J46CD3UR

JNI

29/04/2015

#65

COMPANIES HOUSE

Almac Sciences Limited

Annual report and financial statements for the year ended 30 September 2014

Contents

	Pages
Directors and advisers	1
Strategic report	2
Directors' report	3 - 4
Statement of directors' responsibilities	5
Independent auditors' report to the members of Almac Sciences Limited	6 - 7
Income statement	8
Statement of comprehensive income	9
Statement of changes in equity	9
Balance sheet	10
Cash flow statement	11
Notes to the financial statements	12 - 32

Directors and advisers

Directors

A D Armstrong
S Barr
C Hayburn
J W Irvine
S Campbell
K Stephens

Company secretary

A Rafferty

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
BT63 5QD

Solicitors

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

Bankers

Danske Bank
11 Donegall Square West
Belfast
BT1 6JS

Independent auditors

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

Strategic report for the year ended 30 September 2014

The directors present their strategic report on the company for the year ended 30 September 2014.

Principal activities

Almac Sciences Limited is a private limited company incorporated and domiciled in Northern Ireland. The registered address is detailed on page 1.

The company continued to be engaged in the provision of custom chemical synthesis services.

Review of business and future developments

Trading during the year was difficult as a result of global economic conditions. The directors are reviewing the operations of the business and are confident of reducing the level of losses during the next financial year. The company acquired 100% of the shares in Almac Sciences (Scotland) Limited on 31 March 2014.

Principal risks and uncertainties

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

Key performance indicators

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

Environment

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

Health and safety

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

Human resources

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

Performance and position

The loss after income tax for the financial year is £1,171,652 (2013: £1,458,373) and its net assets are £18,475,373 (2013: £19,051,539).

Going concern

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

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



K Stephens

Director

18 December 2014

Directors' report for the year ended 30 September 2014

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2014.

Future developments

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

Financial risk management

The company operates within the competitive conditions of its market place. Regarding credit risk, it is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into. Further commentary is provided in note 3.

Dividends

The directors do not recommend payment of a dividend (2013: £nil).

Research and development activities

The company is committed to research and development in the area of drug discovery. Research carried out in the year was expensed as incurred. No development expenditure was incurred in the year (2013: £nil).

Directors

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

Employees

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

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

Statement of disclosure of information to auditors

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


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

Directors' report for the year ended 30 September 2014 (continued)

Independent auditors

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

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

A handwritten signature in black ink, appearing to read 'K Stephens', is written over the printed name.

K Stephens

Director

18 December 2014

Statement of directors' responsibilities

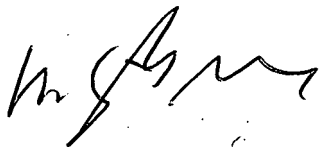
The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union, 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.

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



K Stephens
Director
18 December 2014

Independent auditors' report to the members of Almac Sciences Limited**Report on the financial statements****Our opinion**

In our opinion, Almac Sciences Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 30 September 2014 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Almac Sciences Limited's financial statements comprise:

- the income statement for the year then ended;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the balance sheet as at 30 September 2014;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception**Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Almac Sciences Limited

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Emma Murray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
18 December 2014

Income statement for the year ended 30 September 2014

	Note	2014 £	2013 £
Continuing operations			
Revenue	2	20,091,744	16,907,629
Cost of sales	6	(14,610,563)	(12,697,693)
Gross profit		5,481,181	4,209,936
Distribution costs	6	(1,203,712)	(1,162,757)
Administrative expenses	6	(4,642,733)	(5,019,692)
Operating loss		(365,264)	(1,972,513)
Operating loss is analysed as:			
Operating profit before depreciation and amortisation ("EBITDA")		1,672,163	381,482
Depreciation of property, plant and equipment		(1,887,532)	(2,180,432)
Amortisation of intangible assets		(149,895)	(173,563)
Finance costs	5	(912,106)	(863,081)
Finance income	5	14,223	15,318
Finance costs – net	5	(897,883)	(847,763)
Loss before income tax		(1,263,147)	(2,820,276)
Income tax credit	8	91,495	1,361,903
Loss for the year attributable to owners of the company		(1,171,652)	(1,458,373)

The notes on pages 12 to 32 are an integral part of these financial statements.

Statement of comprehensive income for the year ended 30 September 2014

	2014 £	2013 £
Loss for the year	(1,171,652)	(1,458,373)
Other comprehensive income		
Tax credit arising on group relief receipts in excess of tax benefit	595,486	4,124,899
Total comprehensive (loss)/income for the year	(576,166)	2,666,526

Statement of changes in equity for the year ended 30 September 2014

	Share capital £	Accumulated losses £	Total equity £
At 1 October 2012	50,956,065	(34,571,052)	16,385,013
Loss for the year	-	(1,458,373)	(1,458,373)
Other comprehensive income			
Tax credit arising on group relief receipts in excess of tax benefit	-	4,124,899	4,124,899
At 1 October 2013	50,956,065	(31,904,526)	19,051,539
Loss for the year	-	(1,171,652)	(1,171,652)
Other comprehensive income			
Tax credit arising on group relief receipts in excess of tax benefit	-	595,486	595,486
Total comprehensive (loss)/income for the year	-	(576,166)	(576,166)
At 30 September 2014	50,956,065	(32,480,692)	18,475,373

The notes on pages 12 to 32 are an integral part of these financial statements.

Balance sheet as at 30 September 2014

	Note	2014 £	2013 £
Assets			
Non-current assets			
Intangible assets	9	140,371	251,954
Property, plant and equipment	10	39,709,435	40,741,698
Investments in subsidiaries	11	1	1
Total non-current assets		39,849,807	40,993,653
Current assets			
Trade and other receivables	12	18,762,143	17,202,472
Cash and cash equivalents	13	1,822	1,861
Total current assets		18,763,965	17,204,333
Total assets		58,613,772	58,197,986
Liabilities			
Current liabilities			
Borrowings	14	34,369,931	34,126,414
Trade and other payables	15	4,008,168	3,391,923
Total current liabilities		38,378,099	37,518,337
Non-current liabilities			
Other non-current liabilities	16	464,565	510,408
Deferred income tax liabilities	17	792,127	718,002
Deferred income	18	503,608	399,700
Total non-current liabilities		1,760,300	1,628,110
Total liabilities		40,138,399	39,146,447
Equity attributable to owners of the company			
Share capital	19	50,956,065	50,956,065
Accumulated losses		(32,480,692)	(31,904,526)
Total equity		18,475,373	19,051,539
Total equity and liabilities		58,613,772	58,197,986

The notes on pages 12 to 32 are an integral part of these financial statements.

The financial statements on pages 8 to 32 were authorised for issue by the Board of directors on 18 December 2014 and were signed on their behalf by:



A D Armstrong (Director)



S Campbell (Director)

Cash flow statement for the year ended 30 September 2014

	Note	2014 £	2013 £
Cash flows from operating activities			
Cash (used in)/generated from operations	20	(3,490,505)	67,771
Finance costs		(912,106)	(956,160)
Taxation recovered		4,823,673	7,198,221
Net cash generated from/(used in) operating activities		421,062	6,309,832
Cash flows from investing activities			
Purchase of property, plant and equipment		(855,269)	(1,156,822)
Proceeds from disposal of property, plant and equipment		-	550
Purchase of intangible assets		(38,312)	(8,755)
Capital grants received		180,597	52,462
Finance income		14,223	15,318
Net cash used in investing activities		(698,761)	(1,097,247)
Cash flows from financing activities			
Advances from group undertakings		840,977	(4,773,093)
Repayment of borrowings		(437,500)	(583,333)
Net cash used in financing activities		403,477	(5,356,426)
Net increase/(decrease) in cash and cash equivalents		125,778	(143,841)
Cash, cash equivalents and bank overdrafts at beginning of the year		(203,687)	(59,846)
Cash, cash equivalents and bank overdrafts at end of the year	13	(77,909)	(203,687)

The notes on pages 12 to 32 are an integral part of these financial statements.

Notes to the financial statements for the year ended 30 September 2014

1 Accounting policies

General information

The company's principal activity during the year was as described in the Strategic report. The financial statements are presented in UK pound sterling. Almac Sciences Limited is a private limited company incorporated and domiciled in Northern Ireland. The company's registered address is detailed on page 1.

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

Basis of preparation

The financial statements of Almac Sciences Limited have been prepared on the going concern basis and in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 applicable to companies reporting under IFRS, and IFRIC interpretations. The financial statements have been prepared under the historical cost convention.

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

New standards, amendments and interpretations effective in the year to 30 September 2014

The accounting policies set out below are those that the company has adopted under International Financial Reporting Standards as adopted by the European Union for the year ended 30 September 2014.

No standards have been adopted by the company for the first time during the financial year beginning on or after 1 October 2013 that have had a material impact on the company.

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

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

- Amendment to IAS 16 Property, Plant & Equipment regarding bearer assets
- Amendment to IAS 16 Property, Plant & Equipment on depreciation
- Amendment to IAS 19 Employee Benefits on defined benefit plans
- IAS 27 (Revised 2011) Separate financial statements
- Amendment to IAS 27 Separate financial statements
- IAS 28 (Revised 2011) Associates and Joint Ventures
- Amendment to IFRS 10 and IAS 28 on sale or contribution of assets
- Amendment to IAS 32 Financial instruments on offsetting of financial assets and financial liabilities
- Amendment to IAS 36 Impairment of assets on recoverable amount disclosures
- IFRIC 21 Levies
- Amendment to IAS 38 Intangible assets on amortisation
- Amendment to IAS 39 Financial instruments on novation of derivatives and hedge accounting
- Amendments to IAS 41 Agriculture regarding bearer plants
- IFRS 9 Financial instruments
- Amendment to IFRS 9 Financial instruments on general hedge accounting
- IFRS 10 Consolidated financial statements
- Amendment to IFRS 10, IFRS 12 and IAS 27 on consolidation for investment entities
- IFRS 11 Joint arrangements
- Amendment to IFRS 11 Joint arrangements on acquisition of an interest in a joint operation
- IFRS 12 Disclosures of interests in other entities
- IFRS 14 Regulatory deferral accounts
- IFRS 15 Revenue from contracts with customers

The introduction of these new standards, interpretations and amendments is not expected to have a material impact on the company.

Notes to the financial statements for the year ended 30 September 2014**1 Accounting policies (continued)****Basis of consolidation**

The company has taken advantage of the exemption conferred under Companies Act 2006 Section 400 from preparing group financial statements. The financial statements therefore present information about the company as an individual undertaking and not about its group.

Going concern

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

Intangible assets*Computer software*

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

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

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

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

Goodwill

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

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

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Notes to the financial statements for the year ended 30 September 2014**1 Accounting policies (continued)****Property, plant and equipment (continued)**

For all assets depreciation is calculated so as to write off the cost less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned, or over the life of project, whichever is earlier. The principal annual rates used are as follows:

	%
Freehold buildings	- 2
Plant and machinery	- 10
Fixtures and fittings	- 10
Computer equipment	- 20
Motor vehicles	- 25

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

Investment in subsidiaries

Investments in subsidiaries are held as non-current assets and are recorded at cost, which is the fair value of the consideration paid, less any provision for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Financial assets

The company classifies all its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. The company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Impairment of financial assets

The company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

Impairment of non-financial assets

Assets that have an indefinite useful economic life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell, and value in use. For the purposes of assessing impairment, assets are grouped by cash generating unit.

Notes to the financial statements for the year ended 30 September 2014**1 Accounting policies (continued)****Impairment of non-financial assets (continued)**

Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

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

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

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

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

Leased assets

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The company leases certain property, plant and equipment. Leases of property, plant and equipment where the company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful economic life of the asset and the lease term.

Notes to the financial statements for the year ended 30 September 2014**1 Accounting policies (continued)****Research and development tax credits**

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

Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

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

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

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

Grants

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

Research and development

Expenditure on research is written off in the year in which it is incurred. Development expenditure is capitalised when the criteria for recognising an asset, as described above, are met.

Share capital

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

Notes to the financial statements for the year ended 30 September 2014**1 Accounting policies (continued)****Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the company's activities. Revenue is shown, net of sales taxes, returns, rebates and discounts.

The company recognises revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The company considers this to be upon customer receipt of products, which is when title to the product is transferred to the customer or upon completion of services when results of testing have been delivered to the customer or logistics operations have been performed. The company uses the percentage-of-completion method in accounting for its fixed price contracts to deliver services. Use of the percentage-of-completion method requires the company to estimate the services performed to date as a proportion of the total services to be performed.

Foreign currency translation

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

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

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

Pension obligations

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

Share-based payments

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

2 Revenue

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

Notes to the financial statements for the year ended 30 September 2014

3 Financial risk management

Financial risk factors

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

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

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

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

	2014		2013	
	Impact on post-tax losses £'000	Impact on equity £'000	Impact on post-tax losses £'000	Impact on equity £'000
US dollar weakens by 10% against UK pound	(145)	(145)	(56)	(56)
US dollar strengthens by 10% against UK pound	177	177	69	69

- (ii) Interest rate risk

The company's interest rate risk arises from borrowings, which are a combination of group facility overdrafts and term loans. The company manages this risk by a mixture of variable interest rates on overdrafts, fixed rate interest on part of the term loan facilities and interest free advances from group companies. The interest rate is monitored on a regular basis with reference to movements in global interest rates and the potential impact upon the company's cost of borrowing. If average interest rates over the year had increased/decreased by 1% with all other variables held constant, the financial statements would have been impacted as follows:

	2014		2013	
	Impact on post-tax losses £'000	Impact on equity £'000	Impact on post-tax losses £'000	Impact on equity £'000
Interest rates increase by 1%	(334)	(334)	(294)	(294)
Interest rates decrease by 1%	334	334	294	294

- (b) Credit risk

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

- (c) Liquidity risk

The company projects cash flow requirements as part of its annual budget setting process. Cash requirements are monitored dynamically by the company's ultimate parent undertaking, with resources deployed to the company as required. As a result of its activities, the company is a net consumer of cash and combines intergroup funding with external sources to ensure that sufficient liquidity is maintained to allow continued operation.

Notes to the financial statements for the year ended 30 September 2014

4 Capital risk management

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

5 Finance costs - net

	2014 £	2013 £
Interest expense:		
Interest payable to group undertakings	(905,888)	(827,702)
Interest payable on other loans	(6,218)	(35,379)
Finance costs	(912,106)	(863,081)
Interest income:		
Interest receivable from group undertakings	14,223	15,318
Finance income	14,223	15,318
Finance costs – net	(897,883)	(847,763)

6 Expenses by nature

	2014 £	2013 £
Raw materials and consumables used	3,574,778	3,054,650
Employee benefit expense (note 7)	9,661,300	8,802,898
Depreciation and amortisation	2,037,427	2,353,995
Operating lease payments	37,004	121,661
Transfer from capital grant reserve	(76,689)	(549,164)
Revenue grants	(261,672)	(133,763)
Profit on disposal of property, plant and equipment	-	(550)
Other expenses*	5,484,860	5,230,415
Total cost of sales, distribution costs, administrative expenses and research and development expenditure	20,457,008	18,880,142

*Other expenses of £5,484,860 (2013: £5,230,415) are stated after the deduction of £572,490 (2013: £nil) of research and development tax credits.

Services provided by the auditors and network firms

During the year the company obtained the following services from the auditor at costs as detailed below:

	2014 £	2013 £
Fees payable to the company's auditor for the audit of the financial statements	8,487	8,415
Fees payable to company's auditor for other services:		
- other services pursuant to legislation	4,486	6,939
- tax services	2,625	2,625
	15,598	17,979

Notes to the financial statements for the year ended 30 September 2014

7 Employees and directors

	2014	2013
	£	£
Staff costs during the year:		
Wages and salaries	8,421,842	7,749,754
Social security costs	768,773	710,782
Other pension costs	337,731	288,320
Shared based payment costs	132,954	54,042
	9,661,300	8,802,898

	2014	2013
	Number	Number
Average monthly number of persons employed (including directors) during the year by activity:		
Production	212	191
Sales and marketing	11	9
Administration	13	13
	236	213

	2014	2013
	£	£
Key management compensation		
Salaries and other short term employee benefits	259,767	202,871
Pension costs – defined contribution plans	26,302	25,924

The key management compensation given above includes directors.

	2014	2013
	£	£
Directors		
Aggregated emoluments	232,138	181,990
Pension costs – defined contribution plans	26,302	25,924
	258,440	207,914

One director (2013: one) has retirement benefits accruing under a money purchase scheme. One director (2013: one) has exercised phantom share options in the year.

	2014	2013
	£	£
Highest paid director		
Aggregated emoluments	232,138	181,990
Pension costs – defined contribution plans	26,302	25,924
	258,440	207,914

The highest paid director exercised phantom share options in 2014 and 2013.

The remuneration for the remaining directors is borne through another group company and will be disclosed in Almac Group Limited.

Notes to the financial statements for the year ended 30 September 2014

8 Income tax credit

	2014 £	2013 £
Current tax		
Current tax on losses for the year	193,820	1,217,321
Adjustments in respect of previous year	(28,200)	53,943
Total current tax	165,620	1,271,264
Deferred tax		
Origination and reversal of temporary differences	(81,528)	(87,587)
Changes in tax laws and rates	7,403	109,559
Adjustments in respect of previous year	-	68,667
Total deferred tax	(74,125)	90,639
Income tax credit	91,495	1,361,903

The tax on the company's loss before tax differs from (2013: differs from) the theoretical amount that would arise using the weighted average tax rate applicable to the loss of the company as follows:

	2014 £	2013 £
Loss before income tax	(1,263,147)	(2,820,276)
Loss before income tax at the UK standard rate of 22% (2013: 23.5%)	(277,892)	(662,765)
Effects of:		
Expenses not deductible for tax purposes	166,937	1,453,064
Income not subject to tax	-	(1,388,509)
Enhanced research and development expenditure	-	(402,470)
Adjustments in respect of previous year	28,200	(122,610)
Capital grants not taxable	(16,869)	(129,054)
Changes in tax laws and rates	(7,403)	(109,559)
Transfer pricing adjustment	15,532	-
Income tax credit	(91,495)	(1,361,903)

The standard rate of corporation tax in the UK changed from 23% to 21% with effect from 1 April 2014. Accordingly, the company's losses in this accounting year are taxed at an effective rate of 22%.

Notes to the financial statements for the year ended 30 September 2014

9 Intangible assets

	Computer software £	Goodwill £	Total £
Cost			
At 1 October 2012	1,218,954	450,000	1,668,954
Additions	8,755	-	8,755
At 1 October 2013	1,227,709	450,000	1,677,709
Transfers	386	-	386
Additions	37,926	-	37,926
At 30 September 2014	1,266,021	450,000	1,716,021
Accumulated amortisation			
At 1 October 2012	802,192	450,000	1,252,192
Charge for the year	173,563	-	173,563
At 1 October 2013	975,755	450,000	1,425,755
Charge for the year	149,895	-	149,895
At 30 September 2014	1,125,650	450,000	1,575,650
Net book amount			
At 30 September 2014	140,371	-	140,371
At 30 September 2013	251,954	-	251,954
At 30 September 2012	416,762	-	416,762

Amortisation is included within administrative expenses in the income statement.

Notes to the financial statements for the year ended 30 September 2014

10 Property, plant and equipment

	Freehold land and buildings £	Assets in course of construction £	Plant and machinery £	Fixtures, fittings & computer equipment £	Motor vehicles £	Total £
Cost						
At 1 October 2012	45,136,290	15,697	16,213,084	4,458,695	26,675	65,850,441
Additions	-	12,446	983,907	160,469	-	1,156,822
Transfers	-	(15,697)	15,697	-	-	-
Disposals	-	-	-	(550)	(26,675)	(27,225)
At 1 October 2013	45,136,290	12,446	17,212,688	4,618,614	-	66,980,038
Transfers	-	(12,446)	7,382	4,678	-	(386)
Additions	-	23,751	686,401	145,503	-	855,655
At 30 September 2014	45,136,290	23,751	17,906,471	4,768,795	-	67,835,307
Accumulated depreciation						
At 1 October 2012	8,118,429	-	12,496,830	3,443,199	26,675	24,085,133
Charge for the year	830,458	-	1,097,672	252,302	-	2,180,432
Disposals	-	-	-	(550)	(26,675)	(27,225)
At 1 October 2013	8,948,887	-	13,594,502	3,694,951	-	26,238,340
Charge for the year	830,458	-	856,524	200,550	-	1,887,532
At 30 September 2014	9,779,345	-	14,451,026	3,895,501	-	28,125,872
Net book amount						
At 30 September 2014	35,356,945	23,751	3,455,445	873,294	-	39,709,435
At 30 September 2013	36,187,403	12,446	3,618,186	923,663	-	40,741,698
At 30 September 2012	37,017,861	15,697	3,716,254	1,015,496	-	41,765,308

Depreciation is included within administrative expenses in the income statement.

Borrowings are secured against buildings above (note 14).

11 Investment in subsidiaries

£

Cost

At 1 October 2012, at 1 October 2013 and at 30 September 2014

1

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid.

The company has one dormant subsidiary, Syngal Limited, which is incorporated in Northern Ireland and in which the company holds 100% of the ordinary share capital. At 30 September 2014 the aggregate capital and reserves of Syngal Limited were £2 (2013: £2).

The company acquired 100% of the shares in Sciences (Scotland) Limited on 31 March 2014 for a consideration of £nil. Sciences Scotland Limited is incorporated in Scotland and carried out the provision of custom chemical synthesis services.

Notes to the financial statements for the year ended 30 September 2014
12 Trade and other receivables

	2014	2013
	£	£
Trade receivables	3,173,173	2,151,692
Less: provision for impairment of trade receivables	(35,542)	(85,079)
Trade receivables (net)	3,137,631	2,066,613
Amounts owed by group undertakings	13,032,878	4,147,670
Amounts owed by other related parties	-	5,240,671
Group relief receivable	1,333,596	5,396,163
Other receivables	112,163	61,965
Prepayments and accrued income	1,145,875	289,390
	18,762,143	17,202,472

The fair values of trade and other receivables are not materially different from the carrying values.

For the purposes of IFRS 7 "Financial instruments: Disclosures" all of the company's financial assets are classified as loans and receivables. The company has no assets that may be classified as held at fair value through profit and loss, derivatives used for hedging or available-for-sale.

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

	2014	2013
	£	£
Currency		
UK pound	17,122,726	16,377,129
US dollar	1,280,342	537,270
Euro	359,075	288,073
	18,762,143	17,202,472

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

Trade receivables impaired and the amount of the impairment provision at 30 September 2014 was £35,542 (2013: £85,079). The individually impaired receivables mainly relate to invoices for which there is uncertainty over recoverability. It was assessed that a portion of the receivables is expected to be recovered. The trade receivables that were impaired were all overdue by more than two months.

Movements on the provision for impairment of trade receivables are as follows:

	2014	2013
	£	£
At 1 October	85,079	58,065
Exchange adjustment	-	(31)
Provision for receivables impairment	30,357	79,893
Receivables written off in the year as uncollectable	(12)	(21,029)
Unused amounts reversed	(79,882)	(31,819)
At 30 September	35,542	85,079

Notes to the financial statements for the year ended 30 September 2014

12 Trade and other receivables (continued)

As of 30 September 2014, trade receivables of £502,604 (2013: £526,702) were past due but not impaired. These and the other trade receivables relate to a number of large multinational corporations for whom there is little risk of default. The aged analysis of these trade receivables is as follows:

	2014	2013
	£	£
Up to 2 months overdue	453,480	522,770
More than 2 months overdue	49,124	3,932
	502,604	526,702

None of these trade receivables have had their terms renegotiated.

The creation and release of provision for impaired receivables have been included in administration expenses in the income statement.

The other classes within trade and other receivables do not contain impaired assets.

13 Cash and cash equivalents

	2014	2013
	£	£
Cash at bank and in hand	1,822	1,861

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

	2014	2013
	£	£
Cash and cash equivalents	1,822	1,861
Bank overdrafts (note 14)	(79,731)	(205,548)
	(77,909)	(203,687)

14 Borrowings

	2014	2013
	£	£
Current		
Bank overdraft	79,731	205,548
Other loans	-	437,500
Amounts owed to group undertakings	34,290,200	33,483,366
	34,369,931	34,126,414

2014:£nil (2013: £437,500) of the above loans is repayable by 32 quarterly instalments which commenced in June 2006. Interest is charged at 5.68% per annum. This amount is secured on the company's property.

Notes to the financial statements for the year ended 30 September 2014

14 Borrowings (continued)

The fair value of both current and non-current borrowings equates to their carrying amount as the impact of discounting is not significant. For the purposes of IFRS 7 "Financial instruments: Disclosures" the financial liabilities noted above are classified as other financial liabilities. The company has no liabilities that may be classified as held at fair value through profit and loss or derivatives used for hedging.

The carrying amounts of the company's borrowings are denominated in the following currencies

	2014	2013
	£	£
UK pound	34,369,931	34,126,414

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

	2014	2013
	%	%
Bank overdrafts	2.63%	2.70%
Variable rate loans	-	2.00%
Fixed rate loans	-	5.68%

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

	2014	2013
	£	£
Bank overdraft, other loans and amounts owed to group undertakings		
Less than one year	34,369,931	34,126,414

Notes to the financial statements for the year ended 30 September 2014

15 Trade and other payables

	2014	2013
	£	£
Trade payables	637,087	501,931
Amounts owed to group undertakings	214,886	180,743
Other tax and social security	212,475	185,051
Other creditors	110,332	70,892
Accruals	2,833,388	2,453,306
	4,008,168	3,391,923

The fair value of trade and other payables are not materially different from their carrying value as the impact of discounting is not significant. There is no difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other payables.

16 Other non-current liabilities

	2014	2013
	£	£
Accruals	464,565	510,408

Maturity of other non-current liabilities

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

	2014	2013
	£	£
In more than one year but not more than two years	184,813	238,251
In more than two years but not more than five years	279,752	272,157
	464,565	510,408

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

17 Deferred income tax liabilities

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

	2014	2013
	£	£
At 1 October	718,002	808,641
Adjustment in respect of prior years	-	(68,667)
Charged/(credited) to the income statement	74,125	(21,972)
At 30 September	792,127	718,002

Notes to the financial statements for the year ended 30 September 2014

17 Deferred income tax liabilities (continued)

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

Deferred tax assets/(liabilities)	Tax losses £	Accelerated tax depreciation £	Total £
At 1 October 2012	3,595,872	(4,404,513)	(808,641)
(Charged)/credited to the income statement	(668,705)	759,344	90,639
At 1 October 2013	2,927,167	(3,645,169)	(718,002)
Charged to the income statement	-	(74,125)	(74,125)
At 30 September 2014	2,927,167	(3,719,294)	(792,127)

The analysis of deferred income tax is as follows:

	2014 £	2013 £
Deferred tax assets:		
- to be recovered after more than 12 months	2,927,167	2,927,167
Deferred tax liabilities:		
- to be recovered after more than 12 months	(3,719,294)	(3,645,169)
Deferred tax liabilities - net	(792,127)	(718,002)

Deferred tax assets are recognised for the tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profit is probable.

18 Deferred income

Government grants	£
At 1 October 2012	896,402
Capital grants received during the year	52,462
Released to the income statement	(549,164)
At 1 October 2013	399,700
Capital grants received during the year	180,597
Released to the income statement	(76,689)
At 30 September 2014	503,608

19 Share capital

	2014 £	2013 £
Authorised		
75,000,000 (2013: 75,000,000) ordinary shares of £1 each	75,000,000	75,000,000
Allotted and fully paid		
50,956,065 (2013: 50,956,065) ordinary shares of £1 each	50,956,065	50,956,065

Notes to the financial statements for the year ended 30 September 2014

20 Cash generated from operations

	2014 £	2013 £
Loss before income tax	(1,263,147)	(2,820,276)
Adjustments for:		
Depreciation of property, plant and equipment	1,887,532	2,180,432
Amortisation of intangible assets	149,895	173,563
Profit on disposal of property, plant and equipment	-	(550)
Movement in capital grant	(76,689)	(549,164)
Finance income	(14,223)	(15,318)
Finance costs	912,106	863,081
(Decrease)/increase in trade and other receivables	(5,622,238)	414,584
Increase/(decrease) in trade and other payables	536,259	(178,581)
Net cash (used in)/ generated from operations	(3,490,505)	67,771

21 Pension commitments

The company participates in a group defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the group in an independently administered scheme. Contributions are charged to the income statement in the year to which they relate.

Pension costs for the defined contribution scheme are as follows:

	2014 £	2013 £
Defined contribution scheme	337,731	288,320

Amounts owed to the pension scheme as at 30 September 2014 totalled £79,938 (2013: £47,194).

22 Capital and other financial commitments

	2014 £	2013 £
Contracts placed for future property, plant and equipment expenditure not provided in the financial statements	394,000	446,000

23 Operating lease commitments - minimum lease payments

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

	Motor vehicles		Buildings		Other	
	2014 £	2013 £	2014 £	2013 £	2014 £	2013 £
No later than one year	16,109	27,132	145,600	145,600	8,493	6,828
Later than one year and no later than five years	24,771	40,880	291,200	436,800	29,727	16,445
	40,880	68,012	436,800	582,400	38,220	23,273

Notes to the financial statements for the year ended 30 September 2014

24 Contingent liabilities

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland if future employment levels fall below specified levels. The directors do not anticipate any repayment falling due under the terms on which the grants were received.

The company is party to an unlimited intercompany cross guarantee in relation to group banking facilities in the United Kingdom.

25 Share based payments

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

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

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

Grant date	2014	2013
Share price at grant date	£0.581	£0.551
Number of employees	12	14
Share awards	233,284	269,496
Vesting period (years)	4	4
Option life (years)	4	4
Expected life (years)	4	4
Dividend yield	Nil	Nil
Risk free interest rate	5.0%	5.0%
Fair value	£0.581	£0.551

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £0.581 (2013: £0.551). The significant inputs into the model were the share price at grant date, exercise price, dividend yield, risk free interest rate and expected option life as shown above.

Notes to the financial statements for the year ended 30 September 2014
25 Share based payments (continued)

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

	2014 Number	2013 Number
Outstanding at 1 October	881,939	992,773
Granted	233,284	269,496
Forfeited	(60,484)	(74,158)
Exercised	(293,474)	(306,172)
Outstanding at 30 September	761,265	881,939
Exercisable on 1 January	276,950	308,673

The weighted average share price of share awards exercised in the year was £0.581 (2013: £0.551).

Share awards outstanding at the end of the year have the following expiry dates:

	2014 Number	2013 Number
2014	-	308,672
2015	276,950	303,770
2016	251,031	269,496
2017	233,284	-
	761,265	881,939

The total expense recognised in the income statement was £132,954 (2013: £54,042). The year end liability is £442,295 (2013: £485,948).

26 Ultimate controlling party and related party transactions

The immediate parent undertaking of the company is Almac Group (UK) Limited.

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

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

Notes to the financial statements for the year ended 30 September 2014

26 Ultimate controlling party and related party transactions (continued)

Group undertakings consist of other Almac Group companies in the United States of America and the United Kingdom.

Transactions entered into during the year with related parties were as follows:

	2014 £	2013 £
Sales to related parties	-	19,947
Sales to group undertakings	1,875,543	2,479,880
Purchases from related parties	-	(82,733)
Purchases from group undertakings	(411,142)	(322,408)
Management charge	(2,023,602)	(1,978,159)
Interest receivable from group undertakings	14,223	15,318
Interest payable to group undertakings	(905,888)	(827,702)
Amounts owed by group undertakings	13,032,878	4,147,670
Amounts owed by related parties	-	5,240,671
Amounts owed to group undertakings	(34,505,086)	(33,664,109)
Amounts owed to related parties	-	-
Group relief receivable	1,333,596	5,396,163

Details of balances owed by and to related parties and group undertakings are disclosed in notes 12, 14 and 15.

Details of interest payable and receivable on balances held within related parties and group undertakings are disclosed in note 5.