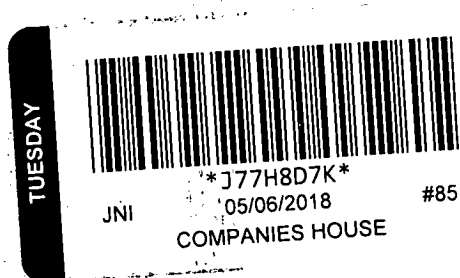


**Almac Sciences Limited**  
**Annual report and financial statements**  
**for the year ended 30 September 2017**



# **Almac Sciences Limited**

## **Annual report and financial statements for the year ended 30 September 2017**

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## **Directors and advisers**

### **Directors**

A D Armstrong  
S Barr  
C Hayburn  
S Campbell  
K Stephens

### **Company secretary**

C Hayburn

### **Registered office**

Almac House  
20 Seagoe Industrial Estate  
Craigavon  
BT63 5QD

### **Solicitors**

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

### **Bankers**

Danske Bank  
11 Donegall Square West  
Belfast  
BT1 6JS

### **Independent auditors**

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

## Strategic report for the year ended 30 September 2017

The directors present their strategic report on the company for the year ended 30 September 2017.

### 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

The results for the year are as set out on page 8. The business has progressed satisfactorily during the year and the directors are continually investigating techniques to ensure increased efficiency of operations.

### Principal risks and uncertainties

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

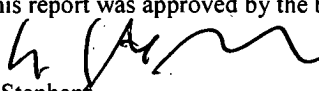
### Performance and position

The loss after income tax for the financial year is £599,063 (2016: profit £563,110) and its net assets are £17,883,791 (2016: £18,482,854).

### 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

19 December 2017

**Directors' report for the year ended 30 September 2017**

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2017.

**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 (2016: £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 (2016: £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 2017 (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 be 'K Stephens', written over a horizontal line.

**K Stephens**

**Director**

**19 December 2017**

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The directors 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.



K Stephens  
Director

19 December 2017

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

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**Opinion**

In our opinion, Almac Sciences Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2017 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual report"), which comprise: the balance sheet as at 30 September 2017; the income statement, the statement of comprehensive income, the cash flow statement and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

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**Basis of opinion**

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

*Independence*

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

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**Conclusions relating to going concern**

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

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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**Reporting on other information**

The other information comprises all of the information in the Annual report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

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

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



**Independent auditors' report to the members of Almac Sciences Limited (continued)***Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

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

**Responsibilities for the financial statements and the audit***Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

*Use of this report*

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

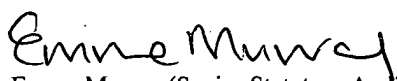
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**Other required reporting****Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.



Emma Murray (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Belfast  
19 December 2017

## Income statement for the year ended 30 September 2017

	Note	2017 £	2016 £
<b>Continuing operations</b>			
Revenue	2	33,348,740	29,531,992
Cost of sales	6	(24,362,453)	(21,750,110)
Gross profit		8,986,287	7,781,882
Distribution costs	6	(1,491,370)	(1,276,071)
Administrative expenses	6	(7,261,630)	(5,103,116)
<b>Operating profit</b>		<b>233,287</b>	<b>1,402,695</b>
Operating profit is analysed as:			
Operating profit before depreciation and amortisation ("EBITDA")		2,233,526	3,477,108
Depreciation of property, plant and equipment		(1,928,780)	(2,000,346)
Amortisation of intangible assets		(71,459)	(74,067)
Finance costs	5	(730,527)	(774,732)
Finance income	5	35,506	22,153
<b>Finance costs – net</b>	5	<b>(695,021)</b>	<b>(752,579)</b>
<b>(Loss)/profit before income tax</b>		<b>(461,734)</b>	<b>650,116</b>
Income tax charge	8	(137,329)	(87,006)
<b>(Loss)/profit for the year attributable to owners of the company</b>		<b>(599,063)</b>	<b>563,110</b>

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 2017**

	2017 £	2016 £
(Loss)/profit for the year	(599,063)	563,110
<b>Other comprehensive income</b>		
Tax charge arising on group relief payments in excess of tax benefit	-	(210,013)
<b>Total comprehensive (loss)/income for the year</b>	<b>(599,063)</b>	<b>353,097</b>

**Statement of changes in equity for the year ended 30 September 2017**

	Share capital £	Accumulated losses £	Total equity £
At 1 October 2015	50,956,065	(32,826,308)	18,129,757
Profit for the year	-	563,110	563,110
<b>Other comprehensive income</b>			
Tax credit arising on group relief receipts in excess of tax benefit	-	(210,013)	(210,013)
At 1 October 2016	50,956,065	(32,473,211)	18,482,854
Loss for the year	-	(599,063)	(599,063)
<b>Other comprehensive income</b>			
Tax charge arising on group relief payments in excess of tax benefit	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(599,063)</b>	<b>(599,063)</b>
<b>At 30 September 2017</b>	<b>50,956,065</b>	<b>(33,072,274)</b>	<b>17,883,791</b>


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

## Balance sheet as at 30 September 2017

	Note	2017 £	2016 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	269,503	211,476
Property, plant and equipment	10	39,620,017	38,382,745
Investments in subsidiaries	11	4,428,992	4,428,992
<b>Total non-current assets</b>		<b>44,318,512</b>	<b>43,023,213</b>
<b>Current assets</b>			
Trade and other receivables	12	14,909,126	13,067,632
Cash and cash equivalents	13	611	669
<b>Total current assets</b>		<b>14,909,737</b>	<b>13,068,301</b>
<b>Total assets</b>		<b>59,228,249</b>	<b>56,091,514</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Borrowings	14	30,225,191	28,871,903
Trade and other payables	15	8,809,564	6,598,734
<b>Total current liabilities</b>		<b>39,034,755</b>	<b>35,470,637</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	16	686,851	539,776
Deferred income tax liabilities	17	1,010,894	896,382
Deferred income	18	611,958	701,865
<b>Total non-current liabilities</b>		<b>2,309,703</b>	<b>2,138,023</b>
<b>Total liabilities</b>		<b>41,344,458</b>	<b>37,608,660</b>
<b>Equity attributable to owners of the company</b>			
Share capital	19	50,956,065	50,956,065
Accumulated losses		(33,072,274)	(32,473,211)
<b>Total equity</b>		<b>17,883,791</b>	<b>18,482,854</b>
<b>Total equity and liabilities</b>		<b>59,228,249</b>	<b>56,091,514</b>

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 19 December 2017 and were signed on their behalf by:



A D Armstrong  
Director



S Campbell  
Director

## Cash flow statement for the year ended 30 September 2017

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	20	2,787,910	2,009,098
Finance costs		(730,527)	(774,732)
Taxation recovered		-	158,167
<b>Net cash generated from operating activities</b>		<b>2,057,383</b>	<b>1,392,533</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(3,166,052)	(1,274,108)
Purchase of intangible assets		(129,486)	(99,974)
Purchase of investments		-	(4,428,991)
Advances to group undertakings		(123,076)	-
Capital grants received		42,682	340,606
Finance income		35,506	22,153
<b>Net cash used in investing activities</b>		<b>(3,340,426)</b>	<b>(5,440,314)</b>
<b>Cash flows from financing activities</b>			
Advances from group undertakings		1,241,500	3,772,461
<b>Net cash used generated from financing activities</b>		<b>1,241,500</b>	<b>3,772,461</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(41,543)</b>	<b>(275,320)</b>
Cash and cash equivalents and bank overdrafts at beginning of the year		(309,711)	(34,391)
<b>Cash and cash equivalents and bank overdrafts at end of the year</b>	13	<b>(351,254)</b>	<b>(309,711)</b>

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 2017****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 2017**

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 2017.

No standards have been adopted by the company for the first time during the financial year beginning on or after 1 October 2016 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:

Amendments to IAS 12, 'Income taxes' on Recognition of deferred tax assets for unrealised losses (effective 1 January 2017)  
Amendments to IAS 7, 'Statement of cash flows' (effective 1 January 2017)  
IFRS 12, 'Disclosure of interests in other entities' (effective 1 January 2017) subject to EU endorsement  
IFRS 9, 'Financial instruments' (effective 1 January 2018)  
IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)  
Amendment to IFRS 4 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments' (1 January 2018)  
Amendment to IFRS 9, 'Financial instruments', on general hedge accounting (effective 1 January 2018)  
Amendments to IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018)  
Amendments to IFRS 2, 'Share based payments' - Classification and measurement (effective 1 January 2018) (subject to EU endorsement)  
Amendments to IAS 40, 'Investment property' transfer of property (effective 1 January 2018) (subject to EU endorsement)  
IFRIC 22, 'Foreign currency transactions and advance consideration' (effective 1 January 2018)  
IFRS 16 (Leases) (1 January 2019)

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 2017****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 2017

### 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

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 2017****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 2017****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 2017****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 2017

## 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:

	2017		2016	
	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	(319)	(319)	(329)	(329)
US dollar strengthens by 10% against UK pound	390	390	402	402

## (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:

	2017		2016	
	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%	(287)	(287)	(282)	(282)
Interest rates decrease by 1%	287	287	282	282

## (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 2017**

**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**

	2017 £	2016 £
Interest expense:		
Interest payable to group undertakings	(730,527)	(774,732)
Finance costs	(730,527)	(774,732)
Interest income:		
Interest receivable from group undertakings	35,506	22,153
Finance income	35,506	22,153
<b>Finance costs - net</b>	<b>(695,021)</b>	<b>(752,579)</b>

**6 Expenses by nature**

	2017 £	2016 £
Raw materials and consumables used	6,427,430	6,444,594
Employee benefit expense (note 7)	15,948,621	13,578,879
Depreciation and amortisation	2,000,239	2,074,413
Operating lease payments	155,396	108,933
Transfer from capital grant reserve	(132,589)	(200,110)
Revenue grants	(211,881)	(275,103)
Loss on disposal of property, plant and equipment	-	1,620
Other expenses*	8,928,237	6,396,071
<b>Total cost of sales, distribution costs and administrative expenses</b>	<b>33,115,453</b>	<b>28,129,297</b>

\*Other expenses of £8,928,237 (2016: £6,396,071) are stated after the deduction of £1,012,444 (2016: £999,127) 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:

	2017 £	2016 £
Fees payable to the company's auditor for the audit of the financial statements	12,744	9,106
Fees payable to company's auditor for other services:		
- other services pursuant to legislation	1,036	2,750
- tax services	2,625	2,625
- all other services	3,400	5,924
	<b>19,805</b>	<b>20,405</b>

## Notes to the financial statements for the year ended 30 September 2017

## 7 Employees and directors

	2017	2016
	£	£
<b>Staff costs during the year:</b>		
Wages and salaries	14,031,832	12,009,488
Social security costs	1,279,655	1,142,879
Other pension costs (note 21)	468,465	405,761
Shared based payment costs (note 25)	168,669	20,751
	<b>15,948,621</b>	<b>13,578,879</b>

	2017	2016
	Number	Number
<b>Average monthly number of persons employed (including directors) during the year by activity:</b>		
Production	360	305
Sales and marketing	12	10
Administration	16	14
	<b>388</b>	<b>329</b>

	2017	2016
	£	£
<b>Key management compensation</b>		
Salaries and other short term employee benefits	294,870	285,518
Pension costs – defined contribution plans	40,067	41,928
	<b>334,937</b>	<b>327,446</b>

The key management compensation given above includes directors.

	2017	2016
	£	£
<b>Directors</b>		
Aggregated emoluments	262,957	254,564
Pension costs – defined contribution plans	40,067	41,928
	<b>303,024</b>	<b>296,492</b>

One director (2016: one) has retirement benefits accruing under a money purchase scheme. One director (2016: one) has exercised phantom share options in the year.

	2017	2016
	£	£
<b>Highest paid director</b>		
Aggregated emoluments	262,957	254,564
Pension costs – defined contribution plans	40,067	41,928
	<b>303,024</b>	<b>296,492</b>

The highest paid director exercised phantom share options in 2017 and 2016.

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 2017

## 8 Income tax charge

	2017 £	2016 £
<b>Current tax</b>		
Current tax on profits/(losses) for the year	22,817	25,417
Adjustments in respect of previous periods	-	54,154
<b>Total current tax</b>	<b>22,817</b>	<b>79,571</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	22,251	200,060
Changes in tax laws and rates	(2,851)	(158,185)
Adjustments in respect of previous periods	95,112	(34,440)
<b>Total deferred tax</b>	<b>114,512</b>	<b>7,435</b>
<b>Income tax charge</b>	<b>137,329</b>	<b>87,006</b>

The tax on the company's loss (2016: profit) before tax differs from (2016: differs from) the theoretical amount that would arise using the weighted average tax rate applicable to the loss of the company as follows:

	2017 £	2016 £
(Loss)/profit before income tax	(461,734)	650,116
(Loss)/profit before income tax at the UK standard rate of 19.5% (2016: 20%)	(90,038)	130,023
Effects of:		
Expenses not deductible for tax purposes	111,316	129,714
Income not subject to tax	(25,853)	(55,247)
Adjustments in respect of previous years	95,112	19,714
Changes in tax laws and rates	(2,851)	(158,185)
Transfer pricing adjustment	15,893	20,987
Amounts not recognised	33,750	-
<b>Income tax charge</b>	<b>137,329</b>	<b>87,006</b>

## Notes to the financial statements for the year ended 30 September 2017

## 9 Intangible assets

	Computer software £	Product licences £	Total £
<b>Cost</b>			
At 1 October 2015	1,410,962	450,000	1,860,962
Additions	99,974	-	99,974
At 1 October 2016	1,510,936	450,000	1,960,936
Additions	129,486	-	129,486
<b>At 30 September 2017</b>	<b>1,640,422</b>	<b>450,000</b>	<b>2,090,422</b>
<b>Accumulated amortisation</b>			
At 1 October 2015	1,225,393	450,000	1,675,393
Charge for the year	74,067	-	74,067
At 1 October 2016	1,299,460	450,000	1,749,460
Charge for the year	71,459	-	71,459
<b>At 30 September 2017</b>	<b>1,370,919</b>	<b>450,000</b>	<b>1,820,919</b>
<b>Net book amount</b>			
<b>At 30 September 2017</b>	<b>269,503</b>	<b>-</b>	<b>269,503</b>
At 30 September 2016	211,476	-	211,476
At 30 September 2015	185,569	-	185,569

Amortisation is included within administrative expenses in the income statement.



## Notes to the financial statements for the year ended 30 September 2017

## 10 Property, plant and equipment

	Freehold land and buildings £	Assets in course of construction £	Plant and machinery £	Fixtures, fittings and computer equipment £	Total £
<b>Cost</b>					
At 1 October 2015	45,136,290	21,634	19,086,241	4,850,554	69,094,719
Transfers	-	(21,634)	13,498	8,136	-
Additions	-	1,246	1,188,720	84,142	1,274,108
Disposals	-	-	-	(525)	(525)
At 1 October 2016	45,136,290	1,246	20,288,459	4,942,307	70,368,302
Additions	-	100,677	2,845,376	219,999	3,166,052
<b>At 30 September 2017</b>	<b>45,136,290</b>	<b>101,923</b>	<b>23,133,835</b>	<b>5,162,306</b>	<b>73,534,354</b>
<b>Accumulated depreciation</b>					
At 1 October 2015	10,609,803	-	15,294,780	4,080,969	29,985,552
Charge for the year	830,458	-	982,455	187,433	2,000,346
Disposals	-	-	-	(341)	(341)
At 1 October 2016	11,440,261	-	16,277,235	4,268,061	31,985,557
Charge for the year	830,457	-	896,183	202,140	1,928,780
<b>At 30 September 2017</b>	<b>12,270,718</b>	<b>-</b>	<b>17,173,418</b>	<b>4,470,201</b>	<b>33,914,337</b>
<b>Net book amount</b>					
<b>At 30 September 2017</b>	<b>32,865,572</b>	<b>101,923</b>	<b>5,960,417</b>	<b>692,105</b>	<b>39,620,017</b>
At 30 September 2016	33,696,029	1,246	4,011,224	674,246	38,382,745
At 30 September 2015	34,526,487	21,634	3,791,461	769,585	39,109,167

Depreciation is included within administrative expenses in the income statement.

Borrowings are secured against buildings above (note 14).

**Notes to the financial statements for the year ended 30 September 2017**
**11 Investment in subsidiaries**

	Total £
<b>Cost</b>	
At 1 October 2015, 1 October 2016 and 30 September 2017	4,428,992
<b>Net book amount</b>	
At 30 September 2017	4,428,992
At 30 September 2016	4,428,992
At 30 September 2015	1

Investments in group undertakings are recorded at cost, which is the fair value of the consideration paid. The company's principal subsidiaries are:

Name	Country of incorporation	Nature of business	Share ownership	% Class
Syngal Limited	Northern Ireland	Dormant	100	Ordinary
Arran Chemical Company Limited	Ireland	Provision of chemical manufacturing	100	Ordinary
Almac Sciences Scotland Limited	Scotland	Provision of custom chemical synthesis services	100	Ordinary

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 2017 the aggregate capital and reserves of Syngal Limited were £2 (2016: £2). The registered office address for Syngal Limited is: Almac House, 20 Seagoe Industrial Estate, Portadown, Craigavon, BT63 5QD. The registered office address of Almac Sciences Scotland Limited is: 4<sup>th</sup> Floor, Saltire Court, 20 Castle Terrace, Edinburgh, EH1 2EN. The registered office address for Arran Chemical Company Limited is: Unit 1-3, Monksland Industrial Estate, Athlone, Co Roscommon.

**12 Trade and other receivables**

	2017 £	2016 £
Trade receivables	5,366,186	4,683,979
Less: provision for impairment of trade receivables	(442,330)	(40,193)
Trade receivables (net)	4,923,856	4,643,786
Amounts owed by group undertakings (note 26)	7,566,911	6,048,290
Current tax receivable	47,000	47,000
Group relief receivable (note 26)	838,709	709,543
Other receivables	136,886	10,567
Prepayments and accrued income	1,395,764	1,608,446
	14,909,126	13,067,632

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.

## Notes to the financial statements for the year ended 30 September 2017

## 12 Trade and other receivables (continued)

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

	2017	2016
	£	£
<b>Currency</b>		
UK pound	12,195,536	10,489,846
US dollar	2,136,037	2,293,263
Euro	577,553	284,523
	<b>14,909,126</b>	<b>13,067,632</b>

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 2017 was £442,330 (2016: £40,193). 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:

	2017	2016
	£	£
At 1 October	40,193	111,568
Provision for receivables impairment	442,330	40,193
Receivables written off in the year as uncollectable	-	(44,007)
Unused amounts reversed	(40,193)	(67,561)
<b>At 30 September</b>	<b>442,330</b>	<b>40,193</b>

As of 30 September 2017, trade receivables of £1,211,563 (2016: £1,125,178) 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:

	2017	2016
	£	£
Up to 2 months overdue	1,083,288	1,019,175
More than 2 months overdue	128,275	106,003
	<b>1,211,563</b>	<b>1,125,178</b>

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

	2017	2016
	£	£
Cash at bank and in hand	611	669

**Notes to the financial statements for the year ended 30 September 2017**

**13 Cash and cash equivalents (continued)**

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

	2017	2016
	£	£
Cash and cash equivalents	611	669
Bank overdrafts (note 14)	(351,865)	(310,380)
	(351,254)	(309,711)

**14 Borrowings**

	2017	2016
	£	£
<b>Current</b>		
Bank overdraft	351,865	310,380
Amounts owed to group undertakings (note 26)	29,873,326	28,561,523
	30,225,191	28,871,903

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

	2017	2016
	£	£
<b>UK pound</b>	30,225,191	28,871,903

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

	2017	2016
	%	%
Bank overdrafts	2.43%	2.65%

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

	2017	2016
	£	£
<b>Bank overdraft, other loans and amounts owed to group undertakings</b>		
Less than one year	30,225,191	28,871,903

**Notes to the financial statements for the year ended 30 September 2017**

**15 Trade and other payables**

	2017	2016
	£	£
Trade payables	671,774	773,004
Amounts owed to group undertakings (note 26)	387,215	457,517
Other tax and social security	346,608	326,401
Other creditors	163,994	140,168
Accruals	7,239,973	4,901,644
	<b>8,809,564</b>	<b>6,598,734</b>

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**

	2017	2016
	£	£
Accruals	686,851	539,776

**Maturity of other non-current liabilities**

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

	2017	2016
	£	£
In more than one year but not more than two years	251,822	196,006
In more than two years but not more than five years	435,029	343,770
	<b>686,851</b>	<b>539,776</b>

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:

	2017	2016
	£	£
At 1 October	896,382	888,947
Charged to the income statement	114,512	7,435
<b>At 30 September</b>	<b>1,010,894</b>	<b>896,382</b>

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

## Notes to the financial statements for the year ended 30 September 2017

## 17 Deferred income tax liabilities (continued)

Deferred tax assets/(liabilities)	Tax losses £	Temporary Differences £	Total £
At 1 October 2015	2,927,167	(3,816,114)	(888,947)
Charged/(credited) to the income statement	(846,261)	838,826	(7,435)
At 1 October 2016	2,080,906	(2,977,288)	(896,382)
Charged/(credited) to the income statement	(276,460)	257,060	(19,400)
Prior year adjustment	(95,112)	-	(95,112)
<b>At 30 September 2017</b>	<b>1,709,334</b>	<b>(2,720,228)</b>	<b>(1,010,894)</b>

The analysis of deferred income tax is as follows:

	2017 £	2016 £
Deferred tax assets:		
- to be recovered after more than 12 months	1,709,334	2,080,906
Deferred tax liabilities:		
- to be recovered after more than 12 months	(2,720,228)	(2,977,288)
<b>Deferred tax liabilities - net</b>	<b>(1,010,894)</b>	<b>(896,382)</b>

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 2015	561,369
Capital grants received during the year	340,606
Released to the income statement (note 6)	(200,110)
At 1 October 2016	701,865
Capital grants received during the year	42,682
Released to the income statement (note 6)	(132,589)
<b>At 30 September 2017</b>	<b>611,958</b>

## 19 Share capital

	2017 £	2016 £
<b>Allotted and fully paid</b>		
50,956,065 (2016: 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 2017**

**20 Cash generated from operations**

	2017 £	2016 £
(Loss)/profit before income tax	(461,734)	650,116
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	1,928,780	2,000,346
Amortisation of intangible assets	71,459	74,067
Loss on disposal of property, plant and equipment	-	184
Movement in capital grant	(132,589)	(200,110)
Finance income	(35,506)	(22,153)
Finance costs	730,527	774,732
Movement in trade and other receivables	(1,741,235)	(751,735)
Movement in trade and other payables	2,428,208	(516,349)
<b>Net cash generated from operations</b>	<b>2,787,910</b>	<b>2,009,098</b>

**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:

	2017 £	2016 £
Defined contribution scheme	468,465	405,761

Amounts owed to the pension scheme as at 30 September 2017 totalled £77,961 (2016: £68,117).

**22 Capital and other financial commitments**

	2017 £	2016 £
Contracts placed for future property, plant and equipment expenditure not provided in the financial statements	1,526,000	1,868,000

**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	
	2017 £	2016 £	2017 £	2016 £	2017 £	2016 £
No later than one year	28,060	23,925	84,375	84,375	10,205	9,349
Later than one year and no later than five years	40,500	30,305	253,125	253,125	19,149	15,308
After 5 years	-	-	393,187	506,250	-	499
	<b>68,560</b>	<b>54,230</b>	<b>730,687</b>	<b>843,750</b>	<b>29,354</b>	<b>25,156</b>

**Notes to the financial statements for the year ended 30 September 2017**

**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:

<b>Grant date</b>	<b>2017</b>	<b>2016</b>
Share price at grant date	<b>£0.762</b>	<b>£0.651</b>
Number of employees	<b>9</b>	<b>9</b>
Share awards	<b>179,841</b>	<b>173,574</b>
Vesting period (years)	<b>4</b>	<b>4</b>
Option life (years)	<b>4</b>	<b>4</b>
Expected life (years)	<b>4</b>	<b>4</b>
Dividend yield	<b>Nil</b>	<b>Nil</b>
Risk free interest rate	<b>5.0%</b>	<b>5.0%</b>
Fair value	<b>£0.762</b>	<b>£0.651</b>

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £0.762 (2016: £0.651). 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 2017**

**25 Share based payments (continued)**

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

	2017 Number	2016 Number
Outstanding at 1 October	543,683	573,010
Granted	179,841	173,574
Forfeited	-	(1,549)
Transferred	-	-
Exercised	(183,806)	(201,352)
Outstanding at 30 September	539,718	543,683
Exercisable on 1 January 2018/2017	186,303	183,806

The weighted average share price of share awards exercised in the year was £0.762 (2016: £0.651).

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

	2017 Number	2016 Number
2017	-	183,806
2018	186,303	186,303
2019	173,574	173,574
2020	179,841	-
	539,718	543,683

The total expense recognised in the income statement was £168,669 (2016: £20,751). The year-end liability is £411,265 (2016: £353,938).

**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.

Companies within Almac Group Limited are related parties of Almac Sciences Limited.

**Notes to the financial statements for the year ended 30 September 2017**

**26 Ultimate controlling party and related party transactions (continued)**

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

	2017	2016
	£	£
Sales to group undertakings	1,926,708	1,692,914
Purchases from group undertakings	(1,585,135)	(1,891,585)
Management charge	(3,750,299)	(3,351,504)
Interest receivable from group undertakings	35,506	22,153
Interest payable to group undertakings	(730,527)	(774,732)
Amounts owed by group undertakings	7,566,911	6,048,290
Amounts owed to group undertakings	(30,260,541)	(29,019,040)
Group relief receivable	838,709	709,543

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

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