

**Almac Clinical Technologies Limited**  
**Annual report and financial statements**  
**for the year ended 30 September 2016**

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# **Almac Clinical Technologies Limited**

## **Annual report and financial statements for the year ended 30 September 2016**

### **Contents**

	Pages
Directors and advisers	1
Directors' report	2 - 3
Statement of directors' responsibilities	4
Independent auditors' report to the members of Almac Clinical Technologies Limited	5 - 6
Income statement	7
Statement of changes in equity	8
Balance sheet	9
Cash flow statement	10
Notes to the financial statements	11 - 25

# Almac Clinical Technologies Limited

1

## Directors and advisers

### Directors

A D Armstrong  
V Higgins  
C Hayburn  
J W Irvine (resigned 22 August 2016)  
S Campbell  
K Stephens

### Company secretary

E McAllister

### 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

## Directors' report for the year ended 30 September 2016

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2016.

### Principal activities

Almac Clinical Technologies Limited is a private company incorporated in Northern Ireland. The registered address is detailed on page 1. The principal activities of the company are the provision of Interactive Voice Response Systems (IVRS) and the management of clinical trials drug supply to customers in the pharmaceutical sector.

### Review of business

The results for the year are as set out on page 7. The business performed in line with directors' expectations. The directors are continually investigating techniques to ensure increased efficiency of operation. The net asset position of the company at the year end is satisfactory.

### Financial risk management

Given the nature of its operations, the company has minimal exposure to foreign exchange risk. 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.

### Results and dividends

The profit after income tax for the financial year is £429,427 (2015: £217,715). The directors do not recommend payment of a dividend (2015: £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.

### 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.

### Small companies' exemption

This report has been prepared in accordance with the special provisions under Part 15 of the Companies Act 2006 relating to small companies.

### 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:

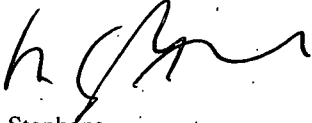
- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

## Directors' report for the year ended 30 September 2016

### Independent auditors

The 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.



K Stephens

**Director**

15 December 2016

## Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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; 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 report was approved by the board and signed on its behalf.



K Stephens

**Director**

15 December 2016

## Independent auditors' report to the members of Almac Clinical Technologies Limited

### Report on the financial statements

#### Our opinion

In our opinion, Almac Clinical Technologies 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 2016 and of its profit 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

The financial statements, included within the Annual report and financial statements (the "Annual report"), comprise:

- the Balance sheet as at 30 September 2016;
- the Income statement for the year then ended;
- the Cash flow statement for the year then ended;
- the Statement of changes in equity 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 IFRSs as adopted by the European Union, and applicable law.

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 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.

##### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a Strategic report. We have no exceptions to report arising from this responsibility.

## Independent auditors' report to the members of Almac Clinical Technologies Limited (Continued)

### 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 4, 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

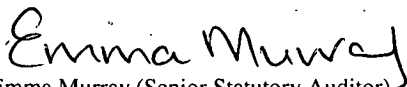
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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 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  
15 December 2016



## Income statement for the year ended 30 September 2016

	Note	2016 £	2015 £
<b>Continuing operations</b>			
Revenue	2	5,290,772	4,348,807
Cost of sales	6	(4,213,507)	(3,668,084)
Gross profit		1,077,265	680,723
Sales and marketing costs	6	(210,972)	(163,121)
Administrative expenses	6	(336,163)	(277,516)
<b>Operating profit</b>		<b>530,130</b>	<b>240,086</b>
Operating profit is analysed as:			
Operating profit before depreciation and amortisation ("EBITDA")		553,887	257,582
Depreciation of property, plant and equipment		(23,738)	(17,352)
Amortisation of intangible assets		(19)	(144)
Finance costs	5	(175)	(20)
Finance income	5	39,456	46,560
Finance income – net	5	39,281	46,540
<b>Profit before income tax</b>		<b>569,411</b>	<b>286,626</b>
Income tax expense	8	(139,984)	(68,911)
<b>Profit for the year attributable to owners of the company</b>		<b>429,427</b>	<b>217,715</b>

The notes on pages 11 to 25 are an integral part of the financial statements.

There is no other comprehensive income for the year (2015: £nil).

**Statement of changes in equity for the year ended 30 September 2016**

	Ordinary shares £	Retained earnings £	Total equity £
At 1 October 2014	1	2,011,438	2,011,439
Profit for the year and total comprehensive income	-	217,715	217,715
At 1 October 2015	1	2,229,153	2,229,154
Profit for the year and total comprehensive income	-	429,427	429,427
<b>At 30 September 2016</b>	<b>1</b>	<b>2,658,580</b>	<b>2,658,581</b>


The notes on pages 11 to 25 are an integral part of the financial statements.

# Balance sheet as at 30 September 2016

	Note	2016 £	2015 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	9	-	19
Property, plant and equipment	10	76,664	60,215
<b>Total non-current assets</b>		<b>76,664</b>	<b>60,234</b>
<b>Current assets</b>			
Trade and other receivables	11	3,145,315	2,592,130
Cash and cash equivalents	12	1,409	-
<b>Total current assets</b>		<b>3,146,724</b>	<b>2,592,130</b>
<b>Total assets</b>		<b>3,223,388</b>	<b>2,652,364</b>
<b>Equity and liabilities</b>			
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	459,786	283,428
Current income tax liabilities		-	68,911
Borrowings	14	1,108	405
<b>Total current liabilities</b>		<b>460,894</b>	<b>352,744</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	16	103,913	70,466
<b>Total non-current liabilities</b>		<b>103,913</b>	<b>70,466</b>
<b>Total liabilities</b>		<b>564,807</b>	<b>423,210</b>
<b>Equity attributable to owners of the company</b>			
Share capital	17	1	1
Retained earnings		2,658,580	2,229,153
<b>Total equity</b>		<b>2,658,581</b>	<b>2,229,154</b>
<b>Total equity and liabilities</b>		<b>3,223,388</b>	<b>2,652,364</b>

The notes on pages 11 to 25 are an integral part of the financial statements.

The financial statements on pages 7 to 25 were authorised by the Board on 15 December 2016 and were signed on their behalf by:

  
A D Armstrong  
(Director)

**Cash flow statement for the year ended 30 September 2016**

	Note	2016 £	2015 £
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	18	1,134,921	(369,912)
Finance expenses		(175)	(20)
Taxation paid		(68,912)	(87,043)
Net cash generated from/(used in) operating activities		1,065,834	(456,975)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(40,186)	(30,592)
Finance income		39,456	46,560
Net cash (used in)/generated from investing activities		(730)	15,968
<b>Cash flows from financing activities</b>			
Net (repayments to)/advances from group undertakings		(1,064,398)	441,464
Net cash used in financing activities		(1,064,398)	444,464
<b>Net increase in cash and cash equivalents and bank overdraft</b>		706	4570
Cash, cash equivalents and bank overdraft at beginning of the year		(405)	(862)
<b>Cash, cash equivalents and bank overdraft at end of the year</b>	12	301	(405)

The notes on pages 11 to 25 are an integral part of the financial statements.

**Notes to the financial statements for the year ended 30 September 2016****1 Accounting policies****General information**

The principal activities of the company are the provision of Interactive Voice Response Systems (IVRS) and the management of clinical trials drug supply to customers in the pharmaceutical sector. The financial statements are presented in UK pound sterling. Almac Clinical Technologies Limited is a private limited company incorporated and domiciled in Northern Ireland. The 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 Clinical Technologies 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.

**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.

**New standards, amendments and interpretations effective in the year to 30 September 2016**

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 2016.

No standards have been adopted by the company for the first time during the financial year beginning on or after 1 October 2015 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 1 (Presentation of financial statements) on disclosure initiative (1 January 2016)

Amendment to IAS 7 (Statement of cash flows) on disclosure initiative (1 January 2017)

Amendment to IAS 16 (Property, plant and equipment) and IAS 41 (Biological assets) regarding bearer plants (1 January 2016)

Amendment to IAS 16 (Property, plant and equipment) and IAS 38 (Intangible assets) on clarification of acceptable methods of depreciation and amortisation (1 January 2016)

Amendment to IAS 27 (Separate financial statements) (1 January 2016)

Amendment to IFRS 10 (Consolidated financial statements) and IAS 28 (Investments in associates) on sale or contribution of assets (to be determined)

Amendment to IAS 12 on recognition of deferred tax assets for unrealised losses (1 January 2017)

IFRS 9 (Financial instruments) and amendment to IFRS 9 (Financial instruments) on general hedge accounting (1 January 2018)

Amendment to IFRS 4 'Insurance contracts' regarding the implementation of IFRS 9, 'Financial instruments' (1 January 2018)

Amendment to IFRS 10 (Consolidated financial statements) and IAS 28 (Investments in associates) on investment entities applying the consolidation exemption (1 January 2016)

IFRS 14 (Regulatory deferral accounts) (1 January 2016)

IFRS 15 (Revenue from customers with contracts) and amendment to IAS 15 (Revenue from customers with contracts) (1 January 2018)

IFRS 16 (Leases) (1 January 2019)

**Notes to the financial statements for the year ended 30 September 2016****1 Accounting policies (continued)**

Amendment to IFRS 2 (Share-based payment) on clarifying share-based payment transactions (1 January 2018)

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

**Intangibles – computer software**

The costs of acquiring and bringing computer software into 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.

**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.

For all assets depreciation is calculated 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. The principal annual rates used are as follows:

	%
Plant and machinery	14
Fixtures, fittings & computer equipment	20

No depreciation is charged on land or assets under 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.

**Notes to the financial statements for the year ended 30 September 2016****1 Accounting policies (continued)****Financial assets**

The company classifies all its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition. 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 twelve months after the end of the reporting period. 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.

**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.

**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.

**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 payable 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.

**Notes to the financial statements for the year ended 30 September 2016****1 Accounting policies (continued)**

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.

**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.

**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.

**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 consolidated 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.

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.

**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.

**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



**Notes to the financial statements for the year ended 30 September 2016****1 Accounting policies (continued)**

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 share-based payments to certain employees of the company for their services to the company. The company accounts for these share based payments 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.

**2 Revenue**

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

**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), price risk, credit risk and liquidity risk. Interest-bearing assets consist of short-term bank deposits. Interest-bearing liabilities consist of bank overdrafts and amounts owed to related parties. 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.

## Notes to the financial statements for the year ended 30 September 2016

### 3 Financial risk management (continued)

#### (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.

	2016		2015	
	Impact on post-tax profits £'000	Impact on equity £'000	Impact on post-tax profits £'000	Impact on equity £'000
UK pound weakens by 10% against Euro	6	6	-	-
UK pound strengthens by 10% against Euro	(8)	(8)	-	-

##### (ii) Interest rate risk

The company's interest rate risk arises from overdrafts. There is no exposure of interest rate risk to the company. Company policy is to maintain a mix of interest free advances and loans from group companies, variable interest rate borrowings from related parties and external overdraft facilities. This approach limits the company's exposure to external interest rate fluctuations to a significantly lower level than could be achieved if its funding needs were met externally.

#### Financial risk factors

If average interest rates over the period had increased/decreased by 1% with all other variables held constant, the financial statements would have been impacted as follows:

	2016		2015	
	Impact on post-tax profits £'000	Impact on equity £'000	Impact on post-tax profits £'000	Impact on equity £'000
Interest rates increase by 1%	10	10	16	16
Interest rates decrease by 1%	(10)	(10)	(16)	(16)

##### (iii) Price risk

The company is not exposed to commodity price risk as a result of its operations nor is the company exposed to equity securities price risk as it holds no listed or other equity investments.

#### (b) Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Risk 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.

#### (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.

**Notes to the financial statements for the year ended 30 September 2016**
**4 Capital risk management**

The company is a subsidiary of Almac Group Limited, their objectives when managing capital are to safeguard the company'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 annual report for Almac Group Limited.

**5 Finance income - net**

	2016 £	2015 £
Interest payable on bank borrowings	(175)	-
Foreign exchange losses on financing activities	-	(20)
<b>Finance costs</b>	<b>(175)</b>	<b>(20)</b>
Interest received on loans to group undertakings	27,404	46,560
Foreign exchange gains on financing activities	12,052	-
<b>Finance income</b>	<b>39,456</b>	<b>46,560</b>
<b>Finance income – net</b>	<b>39,281</b>	<b>46,540</b>

**6 Expenses by nature**

	2016 £	2015 £
Employee benefits expense (note 7)	4,464,625	3,873,005
Depreciation and amortisation	23,757	17,496
Operating lease payments	12,240	12,240
Other expenses	260,020	205,980
<b>Total cost of sales, sales and marketing costs and administrative expenses</b>	<b>4,760,642</b>	<b>4,108,721</b>

**Services provided by the company's auditors and its associates**

During the year the company obtained the following services from the company's auditors and its associates:

	2016 £	2015 £
Fees payable to the company's auditors for the audit of financial statements	4,140	4,019
Fees payable to the company's auditors and its associates for other services – tax services	1,500	1,500

## Notes to the financial statements for the year ended 30 September 2016

## 7 Employees and directors

	2016 £	2015 £
<b>Staff costs during the year:</b>		
Wages and salaries	3,852,857	3,362,080
Social security costs	430,776	364,515
Other pension costs (note 19)	172,959	133,419
Share based payment costs (note 21)	8,033	12,991
	<b>4,464,625</b>	<b>3,873,005</b>
	2016 Number	2015 Number
<b>Average monthly number of persons employed (including directors) during the year by activity:</b>		
Production	109	91
Sales and marketing	2	2
	<b>111</b>	<b>93</b>

No directors (2015: none) have retirement benefits accruing under a money purchase scheme. The directors did not receive any emoluments in respect of their services to the company in either 2016 or 2015 nor was there any key management compensation in either 2016 or 2015. Key management includes directors and senior managers. Directors' remuneration is borne by other group companies and is disclosed for the group in Almac Group Limited financial statements.

## 8 Income tax expense

	2016 £	2015 £
Income tax on profits for the year	136,667	68,911
Adjustment in respect of prior periods	3,317	-
<b>Total income tax</b>	<b>139,984</b>	<b>68,911</b>

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

	2016 £	2015 £
<b>Profit before income tax</b>	<b>569,411</b>	<b>286,626</b>
Profit before income tax at the UK standard rate of 20 % (2015: 20.5%)	113,882	58,754
Effects of:		
Expenses not deductible	14,391	2,692
Accelerated capital allowances and timing differences	8,394	7,465
Adjustment in respect of prior periods	3,317	-
<b>Income tax expense</b>	<b>139,984</b>	<b>68,911</b>

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## Notes to the financial statements for the year ended 30 September 2016

## 9 Intangible assets

	Computer software £
<b>Cost</b>	
At 1 October 2014, 1 October 2015 and at 30 September 2016	3,818
<b>Accumulated amortisation</b>	
At 1 October 2014	3,655
Charge for the year	144
At 1 October 2015	3,799
Charge for the year	19
<b>At 30 September 2016</b>	<b>3,818</b>
<b>Net book amount</b>	
<b>At 30 September 2016</b>	-
At 30 September 2015	19
At 30 September 2014	163

Amortisation expense is included within administrative expenses in the income statement.

## 10 Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and computer equipment £	Total £
<b>Cost</b>			
At 1 October 2014	50,394	89,845	140,239
Additions	26,194	4,398	30,592
At 1 October 2015	76,588	94,243	170,831
Additions	5,020	35,166	40,186
<b>At 30 September 2016</b>	<b>81,608</b>	<b>129,409</b>	<b>211,017</b>
<b>Accumulated depreciation</b>			
At 1 October 2014	33,240	60,024	93,264
Charge for the year	7,196	10,156	17,352
At 1 October 2015	40,436	70,180	110,616
Charge for the year	10,994	12,743	23,738
<b>At 30 September 2016</b>	<b>51,430</b>	<b>82,923</b>	<b>134,354</b>
<b>Net book amount</b>			
<b>At 30 September 2016</b>	<b>30,178</b>	<b>46,485</b>	<b>76,664</b>
At 30 September 2015	36,152	24,063	60,215
At 30 September 2014	17,154	29,821	46,975

Depreciation expense is included within administrative expenses in the income statement.

**Notes to the financial statements for the year ended 30 September 2016**
**11 Trade and other receivables**

	2016 £	2015 £
Amounts owed by group undertakings (note 22)	3,138,828	2,581,047
Other debtors	4,651	9,421
Prepayments and accrued income	1,835	1,662
	<b>3,145,315</b>	<b>2,592,130</b>

The company does not have a provision for impairment of receivables. The fair values of trade and other receivables are not materially different from their 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, held to maturity or available-for-sale.

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

	2016 £	2015 £
<b>Currency</b>		
UK pound	3,145,315	2,592,130

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

As of 30 September 2016, trade receivables of £nil (2015: £nil) were past due but not impaired. None of these trade receivables that are neither past due nor impaired have had their terms renegotiated.

**12 Cash and cash equivalents**

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

	2016 £	2015 £
Cash, cash equivalents and bank overdraft (note 14)	1,409	-

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

	2016 £	2015 £
Cash and cash equivalents	1,409	-
Bank overdraft (note 14)	(1,108)	(405)
	<b>301</b>	<b>(405)</b>

# Notes to the financial statements for the year ended 30 September 2016

## 13 Trade and other payables

	2016	2015
	£	£
Trade payables	14,443	1,673
Amounts owed to group undertakings (note 22)	342	-
Group relief payable (note 22)	139,984	-
Other tax and social security	125,379	105,083
Accruals	179,638	176,672
	459,786	283,428

The fair values of trade and other payables are not materially different from their carrying values as the impact of discounting is not significant. For the purposes of IFRS 7 "Financial instruments: Disclosures" all of the company's financial liabilities are classified as other financial liabilities.

There is no difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other payables.

## 14 Borrowings

	2016	2015
	£	£
<b>Current</b>		
Bank overdraft	1,108	405

The fair value of borrowings equals 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 entirely in UK pound sterling.

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

	Bank overdrafts 2016	Bank overdrafts 2015
	£	£
Less than one year	1,108	405

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

	%	%
Bank overdrafts	1.98	3.45

# Notes to the financial statements for the year ended 30 September 2016

## 15 Deferred income tax

	2016 £	2015 £
<b>Deferred tax asset not recognized</b>		
Accelerated capital allowances	2,562	1,912
Other temporary differences	22,506	16,198
	<b>25,068</b>	<b>18,110</b>

No deferred tax asset has been recognised in relation to the above as in the opinion of the directors it may not be recoverable in the foreseeable future.

## 16 Other non-current liabilities

	2016 £	2015 £
Accruals	103,913	70,466

The fair value of other non-current liabilities equals their carrying amount as the impact of discounting is not significant.

### Maturity of non-current liabilities

	2016 £	2015 £
In more than one year but not more than two years	17,012	16,027
In more than two years but not more than five years	86,901	54,439
	<b>103,913</b>	<b>70,466</b>

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

## 17 Share capital

	2016 £	2015 £
<b>Allotted and fully paid</b>		
1 (2015: 1) ordinary share of £1 (2015: £1)	1	1

## 18 Cash generated from/(used in) operations

	2016 £	2015 £
Profit before income tax	569,411	286,626
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	23,738	17,352
Amortisation of intangible assets	19	144
Finance income	(39,456)	(46,560)
Finance costs	175	20
Movement in trade and other receivables	511,213	(672,117)
Movement in trade and other payables	69,821	44,623
<b>Net cash generated from/(used in) operations</b>	<b>1,134,921</b>	<b>(369,912)</b>



**Notes to the financial statements for the year ended 30 September 2016**
**19 Pension commitments**

The company operates a defined contribution plan for employees whereby the assets of the plan are held separately from those of the company in an independently administered plan. Amounts owed to the pension plan as at 30 September 2016 was £24,751 (2015: £20,026). Pension costs for the defined contribution plan are as follows:

	2016	2015
	£	£
Defined contribution plan	172,959	133,419

**20 Contingent liabilities**

The company is party to an unlimited inter-company cross company guarantee in relation to group banking facilities in the United Kingdom. There exists a contingent liability to repay certain revenue grants received from Invest Northern Ireland if certain conditions are not met. The directors do not anticipate any repayment falling due under the terms on which the grants were received as there are no unfulfilled conditions.

**21 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	2016	2015
Share price at grant date	£0.651	£0.587
Number of employees	1	1
Share awards	11,962	12,740
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	£0.651	£0.587

**Notes to the financial statements for the year ended 30 September 2016**

**21 Share-based payments (continued)**

The weighted average fair value of share awards granted during the year determined using the Black-Scholes valuation model was £0.651 (2015: £0.587). 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. Movements in the number of share awards outstanding are as follows:

	2016 Number	2015 Number
Outstanding at 1 October	38,063	47,668
Granted	11,962	12,740
Exercised	(12,811)	(22,345)
Outstanding at 30 September	37,214	38,063
Exercisable on 1 January 2017/2016	12,512	12,811

The weighted average share price of share awards exercised in the year was £0.651 (2015: £0.581). Share awards outstanding at the end of the year have the following expiry dates:

	2016 Number	2015 Number
2016	-	12,811
2017	12,512	12,512
2018	12,740	12,740
2019	11,962	-
	37,214	38,063

The total expense recognised in the income statement was £8,033 (2015: £12,991) and the liability at 30 September is £24,226 (2015: £22,343).

**Notes to the financial statements for the year ended 30 September 2016**

**22 Ultimate controlling party and related party transactions**

The ultimate parent undertaking is Almac Group Limited a company incorporated in Northern Ireland. The immediate parent undertaking of the company is Almac Group (UK) Limited, a company incorporated in Northern Ireland. The parent undertaking of the smallest and largest 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 Clinical Technologies Limited.*

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

	2016	2015
	£	£
Sales to group undertakings	5,290,772	4,348,807
Purchases from group undertakings	(28,116)	(12,240)
Interest receivable from group undertakings	27,404	46,560
Amounts owed by group undertakings	3,138,828	2,581,047
Amounts owed to group undertakings	(342)	-
Group relief payable	(139,984)	-

Details of balances owed by and to group undertakings are disclosed in note 11 and note 13. Details of interest payable and receivable on balances held with group undertakings are disclosed in note 5.