Aesica Pharmaceuticals Limited

Annual report and Financial Statements

Period Ended 31 January 2020

Registered No: 5188033

Contents

Directors and advisers

Directors
Thomas B Eldered (appointed 4 February 2020)
Jonathan M Glenn (resigned 4 February 2020)
Paul Hayes (resigned 4 February 2020)
Mark Quick (appointed 15 June 2020)
Manja Boerman (resigned 30 November 2019)

Secretary
Andrew Jackson (resigned 30 April 2020)

Independent Auditor
KPMG LLP
15 Canada Square
London
E14 5GL

Banker
Lloyds Banking Group
41/51 Grey Street
Newcastle upon Tyne
NE1 6EE

Registered office
Windmill Industrial Estate,
Shotton Lane,
Cramlington
Northumberland
NE23 3JL

Strategic report

Principal activities
Aesica Pharmaceuticals Limited ("the Company") manufactures and sells active pharmaceutical ingredients ('API's') and provides corporate management services to other Aesica companies. The Company primarily operates from its manufacturing location in Cramlington in the United Kingdom.

Business Review
The Company had a significant unexpected incident causing temporary cessation of all production, which impacted on financial performance. Production of most products restarted at the end of October following detailed process safety reviews and implementation of identified corrective actions. At 31 January 2020, the process impacted by the incident had not been recommenced as the site was awaiting the satisfactory completion of certain process safety reviews and analytical testing prior to restarting production.

For the 9 months May 2019 to January 2020, the results for the Company show revenue of £7.3m (12 months ended 30 April 2019: £26.1m) and an operating loss of £6.7m (12 months ended 30 April 2019: operating profit £2.8m). Interest cost and FX losses outweigh divided income and interest receivable, resulting in an overall loss before tax for the period of £12.7m (12 months ended 30 April 2019: loss of £1.7m). To improve the understanding of the Company's financial performance certain items, which do not reflect underlying performance, are classified as special items. See Note 4 for further details.

The Company had net assets of £122.3m at the period-end (30 April 2019: £132.6m).

The company received no dividends (12 months ended 30 April 2019: £0.4m) from its 10% holding in Aesica Pharmaceuticals GmbH, due to the 9 month accounting period.

Future outlook
Following the incident mentioned above, manufacture of the related product is due to start during 2020, subject to decisions regarding production process changes, completion of safety reviews, implementation of identified actions and securing approval of the HSE to do so. Financial performance is expected recover at this point. Growth opportunities will come through increased focus on Development Services and increasing prices to maximise revenue opportunities. Financial performance is expecting to recover in the coming year with increased focus on development services activities.

Principal risk and uncertainties
The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties include reliance upon key customers/products, regulatory/legal risk, product quality, restructuring and political/socio-economic risk including the impact of Brexit. The continued production of the product involved in the incident is being pursued but is contingent on successful outcomes of testing, investment and HSE approval. Further discussion of these key risks and uncertainties, in the context of the Consort Medical plc Group as a whole, is provided in the Strategic Report within Consort Medical plc consolidated financial statements which does not form part of this report.

Financial Reporting Period
On 4 February 2020, the Consort Medical plc ("Consort") was acquired by Recipharm Holdings Limited, a directly wholly owned subsidiary of Recipharm AB. Further details are given on Recipharm's website. As a result of the acquisition, certain Consort entities have brought forward their reporting period to 31 January 2020 instead of their previous 30 April year-end. Due to this change in statutory reporting date, the accounts for the period ending 31 January 2020 cover a period of 9 months.

Strategic report *(continued)*

Brexit
On 31 January 2020, the United Kingdom (U.K.) formally departed from the E.U., commonly referred to as "Brexit". As agreed with the E.U., the U.K. has now entered into a transition period and will remain in both the E.U. customs union and single market until 31 December 2020. It is understood that that the British government has begun negotiating the terms of the U.K.'s future relationship with the E.U. post 31 December 2020. The Company has considered the nature and extent of risks and uncertainties arising from the result of the Brexit referendum and the impact on the future performance and position of the business. The Company does not consider that a hard Brexit will have a significant impact on its operations and ability to service its supply chain. As negotiations continue, the Company will monitor outcomes, assess the impact on the regulatory environment in which it operates, its customers, supply chain and employees and will implement an appropriate response.

COVID-19
The impact of the COVID-19 on our worldwide operations is constantly monitored. Production performance has been negatively impacted at most locations due to staff absence. Production activities are prioritised to optimise output in order to support customer needs in the most effective manner. All factories are currently operating but with reduced capacity and delays caused by material supply interruptions. Significant effort and resources have been invested to ensure continued supply to our customers and patients. Measures include adapting work schedules, shifts patterns and overtime work whilst putting non-manufacturing activities on hold.

The demand for our products is not expected to be significantly affected but the uncertainty for all businesses is making the future difficult to predict. The pharmaceutical industry is in most countries prioritised and we are focused on maintaining a reliable supply. We continue to follow all governmental recommendations whilst at the same time working to mitigate any disruptions.

On behalf of the Board

Mark Quick
Director
Aesica Pharmaceuticals Limited
Windmill Industrial Estate
Shotton Lane
Cramlington
Northumberland
NE23 3JL

14 July 2020

Directors' report

The directors present their report together with the audited financial statements for the period ended 31 January 2020.

General Information
The company is incorporated and domiciled in England in the United Kingdom. The address of its registered office is Aesica Pharmaceuticals Limited, Windmill Industrial Estate, Shotton Lane, Cramlington, Northumberland, NE23 3JL.

Research and development
We continue to invest in the development of new products for our customers and process improvements for our existing products.

Directors and their interests
The directors of the company during the period, and up to the date of this report are shown below:

Thomas B Eldered (appointed 4 February 2020)
Jonathan M Glenn (resigned 4 February 2020)
Paul Hayes (resigned 4 February 2020)
Mark Quick (appointed 15 June 2020)
Manja Boerman (resigned 30 November 2019)

Going concern
Notwithstanding net current liabilities of £120.1m as at 31 January 2020 (30 April 2019: £94.1m) and a loss for the period then ended of £10.3m (12 months ended 30 April 2019: £1.2m), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the impact of COVID-19, the company will have sufficient funds, through its overdraft facility and in downside cases funding from its intermediate parent company, Consort Medical plc, to meet its liabilities as they fall due for that period. The impact of COVID-19 on Consort Medical plc is disclosed in the consolidated financial statements and is not expected to have a significant impact on that Company or the Group.

Those forecasts are dependent on the Company's intermediate parent company, Consort Medical plc not seeking repayment of the amounts currently due to the group and/or fellow subsidiary undertakings, which at 31 January 2020 amounted to £124.6m (30 April 2019: £94.2m), and providing additional financial support during that period. Consort Medical plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 18 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Directors' report *(Continued)*

Employee involvement
The future success of the Company is dependent on the skill and commitment of its staff, both full time and part time and it is the policy of the Company to develop and maintain employee awareness and involvement in its activities through regular management briefings and the dissemination of relevant information. Particular importance is attached to career development and staff training is available to those who wish to participate through in-house and nationally recognised training courses. The involvement of employees in the Company performance is encouraged, for example, through various Company performance related awards. Employees are further involved through local and national staff councils which meet regularly with senior management.

Equal opportunities
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 and offers appropriate training and career development for disabled staff. If members of staff become disabled, the company continues employment wherever possible and arranges retraining.

Future developments
Details of the future outlook are disclosed in the strategic report on page 2.

Political contributions
The Company made no political donations or incurred any political expenditure during the period (12 months ended 30 April 2019: £nil).

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

On behalf of the Board

Mark Quick
Director
Aesica Pharmaceuticals Limited
Windmill Industrial Estate
Shotton Lane
Cramlington
Northumberland
NE23 3JL

14 July 2020

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the board

Mark Quick
Director
14 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AESICA PHARMACEUTICALS LIMITED

Opinion

We have audited the financial statements of Aesica Pharmaceuticals Limited ("the company") for the period ended 31 January 2020 which comprises the Profit and Loss account and other comprehensive income, the Balance Sheet, the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its loss for the period then ended;
- have been properly prepared in accordance with UK accounting standards, including IFRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we have considered the inherent risks to the company's business model, including the impact of Brexit and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AESICA PHARMACEUTICALS LIMITED *(continued)*

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Lynton Richmond

Lynton Richmond (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

23 July 2020

Profit and loss account and other comprehensive income

for the 9 months ended 31 January 2020

	Note	**9 months ended 31 January 2020**	12 months ended 30 April 2019
		£'m	£'m
Revenue	2	**7.3**	26.1
Special items	4	**(1.0)**	(0.6)
Operating expenses	3	**(13.0)**	(22.7)
Operating (loss)/profit		**(6.7)**	2.8
Dividend income	19	**-**	0.4
Finance income	7	**0.5**	0.6
Finance costs	7	**(1.9)**	(1.7)
Other finance income		**(4.6)**	(3.8)
Loss before taxation		**(12.7)**	(1.7)
Taxation	8	**2.4**	0.5
Loss for the financial period/year		**(10.3)**	(1.2)

There is no other comprehensive income for the period (12 months ended 30 April 2019: none).

The notes set out on pages 13 to 38 are an integral part of these financial statements.

Balance Sheet

as at 31 January 2020

	Note	31 January 2020 £'m	30 April 2019 £'m
Non-current assets			
Investments	13	-	-
Property, plant and equipment	10	14.8	14.1
Deferred tax assets	9	2.5	0.4
Trade and other receivables	15	225.1	212.5
		242.4	227.0
Current assets			
Stock	14	5.5	4.4
Trade and other receivables	15	7.0	8.1
		12.5	12.5
Total assets		254.9	239.5
Current liabilities			
Borrowings	16	(0.2)	(0.2)
Trade and other payables	17	(132.1)	(105.5)
Provisions	18	(0.3)	(0.9)
		(132.6)	(106.6)
Non-current liabilities			
Provisions	18	-	(0.3)
Total liabilities		(132.6)	(106.9)
Net current liabilities		(120.1)	(94.1)
Net assets		122.3	132.6
Shareholders' equity			
Share capital	20	0.1	0.1
Share premium		0.5	0.5
Profit and loss account		121.7	132.0
Total equity		122.3	132.6

The notes set out on pages 13 to 38 are an integral part of these financial statements.

The financial statements on pages 10 to 38 were approved and authorised by the Board of directors on 14 July 2020 and were signed on its behalf by:

Mark Quick
Director
Aesica Pharmaceuticals Limited

Registered Number 05188033

Statement of changes in equity

for the period ended 31 January 2020

	Share capital £'m	Share premium account £'m	Profit and loss account £'m	Total equity £'m
Balance at 30 April 2018	**0.1**	**0.5**	**133.2**	**133.8**
Profit for the year	-	-	(1.2)	(1.2)
Balance at 30 April 2019	**0.1**	**0.5**	**132.0**	**132.6**
Profit for the period	-	-	(10.3)	(10.3)
Balance at 31 January 2020	**0.1**	**0.5**	**121.7**	**122.3**

The notes set out on pages 13 to 38 are an integral part of these financial statements.

Notes *(forming part of the financial Statements)*

1. Accounting policies

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

Basis of preparation
Aesica Pharmaceuticals Limited (the "Company") is a company incorporated and domiciled in England in the United Kingdom under the Companies Act 2006, registered number 05188033.

These separate financial statements contain information about Aesica Pharmaceuticals Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent, Consort Medical plc.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but made amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the company.

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

Notes *(continued)*

1. Accounting policies *(continued)*

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

Going concern
Notwithstanding net current liabilities of £120.1m as at 31 January 2020 (30 April 2019: £94.1m) and a loss for the period then ended of £10.3m (12 months ended 30 April 2019: £1.2m), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the impact of COVID-19, the company will have sufficient funds, through its overdraft facility and in downside cases funding from its intermediate parent company, Consort Medical plc, to meet its liabilities as they fall due for that period. The impact of COVID-19 on Consort Medical plc is disclosed in the consolidated financial statements and is not expected to have a significant impact on that Company or the Group.

Those forecasts are dependent on the Company's intermediate parent company, Consort Medical plc not seeking repayment of the amounts currently due to the group and/or fellow subsidiary undertakings, which at 31 January 2020 amounted to £124.6m (30 April 2019: £94.2m), and providing additional financial support during that period. Consort Medical plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 18 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Notes *(continued)*

1. Accounting policies *(continued)*

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

Products sold are active pharmaceutical ingredients (API). Service represents in-house development and support on new and existing customer programmes.

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

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

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

Special items
The directors believe that presenting special items disaggregated from operating expenditure in the profit and loss account provides additional useful information on the underlying performance of the Company. Further detail on the special items can be found in note 4.

Research expenditure
Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Foreign currency translation

Functional presentation currency
The financial statements are presented in pounds sterling (£), which is the company's functional and presentational currency.

Transactions and balances
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 transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss.

Foreign exchange gains and losses that relate to borrowings and cash equivalents are presented in the profit and loss account within "finance income or costs".

Notes *(continued)*

1. Accounting policies *(continued)*

Property, plant and equipment
Property, plant and equipment are measured at historical cost less accumulated depreciation. Historical cost includes costs directly attributable to the acquisition of the items.

Land and assets in the course of construction are not depreciated. Depreciation on other assets is provided using the straight line method to allocate the cost, less estimated residual values, of the assets over their expected useful economic lives as follows:

Freehold buildings	-	3% per annum
Plant and machinery	-	10% - 33% per annum
Fixtures and fittings	-	10% - 33% per annum

Stock

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises the direct cost of production and the attributed portion of overheads based on normal operating capacity appropriate to location and condition. Cost is determined on a first-in, first-out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made if necessary for any slow-moving, obsolete or defective inventory.

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

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

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

Notes *(continued)*

1. Accounting policies *(continued)*

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributed transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

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

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

Cash and cash equivalents
Cash comprises cash in hand and on demand bank deposits. Cash equivalents are short-term highly liquid investments with maturity of less than 90 days that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Leases
The Company has adopted IFRS 16 Leases effective 1 May 2019, using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS17 and IFRIC 4.

At inception of a contract, the Company assesses whether the contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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

This policy is applied to contracts entered into, or changed, on or after 1 May 2019.

Notes *(continued)*

1. Accounting policies *(continued)*

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings, in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease component as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement of the lease, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight line method from the commencement of the lease to the earlier of the end of its useful life or the end of the lease term.

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is re-measured when there is a change in future lease payments, a change in the Company's estimate of the amount expected to be payable under residual guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Investments
Investments are stated at cost less provision for impairment.

Employee benefits
The Company has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The company operates a performance related monetary bonus scheme. There are no share based incentive schemes. The payments are based on company and individual performance and subject to certain criteria being met.

Notes *(continued)*

1. Accounting policies *(continued)*

Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes to these financial statements.

Judgements

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

A Development costs

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

Presentation of the financial statements and accounting policies continued

Critical accounting judgements and key sources of estimation uncertainty continued

B Revenue recognition

The Company's revenue recognition policies require management to make judgements in respect of the revenue accounting for major manufacturing contracts and/or material amendments to contracts. Revenue is recognised in line with IFRS15.

Notes *(continued)*

1. Accounting policies *(continued)*

Estimates

The key source of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provisions and related assets
Provisions are liabilities of uncertain timing or amount and therefore judgement is applied in making a reliable estimate of the quantum and timing. In determining the amount to recognise for any provisions, management consults with suitably qualified and experienced personnel, considers the Company's experience of similar matters and communications with potential counterparties and the Company's legal advisers. The total value of provisions at 31 January 2020 was £0.3m (30 April 2019: £1.2m).

Taxation including deferred tax
Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the retained profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes *(continued)*

1. Accounting policies *(continued)*

Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes *(continued)*

1. Accounting policies *(continued)*

Adoption of new and revised standards

The following standards and amendments have been applied for the first time during the period commencing 1 May 2019 but do not have a material impact on the Company:

- IFRIC 23 – Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards

The following standards and amendments, relevant to the Company, have been applied for the first time during the period commencing 1 May 2019:

IFRS 16 – Leases was issued in January 2016 and was adopted by the Company effective 1 May 2019. The standard provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all operating leases unless the term is 12 months or less or the underlying asset has a low value. A straight-line depreciation expense is recognised in relation to the right-of-use assets and an amortising interest charge in relation to the lease liabilities is recognised in the consolidated income statement. The interest charge will be higher in the earlier periods of a lease as the interest element unwinds. This replaces the operating lease expense previously recognised in the income statement under IAS 17. No adjustment to equity was necessary on transition and comparative results did not require restatement. The approach to lessor accounting is substantially unchanged from the predecessor standard, IAS 17.

The following accounting standards relevant to the Company have not been early adopted:

- Amendments to References to Conceptual Framework in IFRS Standards

Notes *(continued)*

2. Revenue

	9 months ended 31 January 2020	12 months ended 30 April 2019
	£'m	£'m
Sale of goods	**6.7**	22.0
Rendering of services	**0.6**	4.1
Total revenue	**7.3**	26.1

	9 months ended 31 January 2020	12 months ended 30 April 2019
	£'m	£'m
United Kingdom	**0.8**	2.0
United States of America	**-**	2.4
Europe	**2.2**	9.0
Rest of World	**4.3**	12.7
Total revenue	**7.3**	26.1

Notes *(continued)*

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

	9 months ended 31 January 2020	12 months ended 30 April 2019
	£'m	£'m
Revenue recognised at a point in time	6.7	22.0
Revenue recognised over time	0.6	4.1
Total revenue	7.3	26.1

	31 January 2020	30 April 2019
	£'m	£'m
Contract Assets	2.3	3.1
Contract Liabilities	3.6	3.8

Of the opening contract liability on 1 May 2019, £0.3m was recognised in revenue in the current period. Of the contract liability at 31 January 2020, we expect £0.8m to be recognised in revenue during the year ended 31 December 2020.

3. Expenses and auditor's remuneration

Auditor's remuneration for the period was £30,000 (FY2019: £26,000). There were charges of £7,692 for non-audit work during the period (12 months ended April 2019: £nil).

Research and development expenditure amounted to £0.3m (12 months ended April 2019: £0.3m).

Lease related expenses amounted to £nil (12 months ended April 2019:£0.2m)

Notes *(continued)*

4. Special items

	9 months ended 31 January 2020	12 months ended 30 April 2019
	£'m	£'m
Manufacturing incident costs	0.4	-
Reorganisation costs	0.6	0.6
	1.0	0.6

Reorganisation costs include the cessation of certain API activities and the costs associated with the exit of the Aesica managing director.

5. Staff costs and numbers

Staff costs during the period:	9 months ended 31 January 2020 £'m	12 months ended 30 April 2019 £'m
Wages and salaries	5.7	8.0
Social security costs	0.5	0.8
Other pension costs	0.2	0.3
Share based payments	(0.2)	0.2
Total staff costs	**6.2**	9.3

	9 months ended 31 January 2020	12 months ended 30 April 2019
Average number of people employed:	Number	Number
Production	63	62
Maintenance	51	51
Administration	68	78
Total	**182**	191

Notes *(continued)*

6. Directors' remuneration

Jonathan Glenn and Paul Hayes were also directors of the ultimate parent undertaking, Consort Medical plc during the period. Details of their remuneration for services to the group as a whole are included in the consolidated financial statements of Consort Medical plc. Mark Quick and Thomas Eldered are employed by Recipharm AB. Their remuneration is included in the consolidated financial statements of Recipharm AB.

The aggregate emoluments of the highest paid director for their services as a director, paid by Aesica Pharmaceuticals Limited, were £0.2m (12 months ended 30 April 2019: £0.4m).

Directors' emoluments	**9 months ended 31 January 2020 £'m**	12 months ended 30 April 2019 £'m
Aggregate emoluments	**0.2**	0.4
Total directors' emoluments	**0.2**	0.4

Notes *(continued)*

7. Interest receivable and similar income

	9 months ended 31 January 2020 £'m	12 months ended 30 April 2019 £'m
Interest received from group undertakings	0.5	0.6

Interest payable and similar charges

	9 months ended 31 January 2020 £'m	12 months ended 30 April 2019 £'m
Interest paid to group undertakings	1.8	1.6
Other interest charges	0.1	0.1
	1.9	1.7

Notes *(continued)*

8. Taxation

Taxation credit based on loss for the period

The major components of the income tax credit are:

	9 months ended 31 January 2020	12 months ended 30 April 2019
	£'m	£'m
Current tax		
UK corporation tax at 19% (12 months ended 30 April 2019:19%)	0.3	0.6
Adjustments in respect of prior periods	0.4	0.1
	0.7	0.7
Deferred income tax		
UK origination and reversal of timing differences	1.7	(0.2)
	1.7	(0.2)
Tax credit reported in the profit and loss account	2.4	0.5

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

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

	9 months ended 31 January 2020	12 months ended 30 April 2019
	£'m	£'m
Loss before tax	(12.7)	(1.7)
Taxation credit at UK corporation tax rate of 19% (12 months ended 30 April 2019: 19%)	(2.4)	(0.3)
Effects of non-deductible or non-taxable items	0.1	(0.1)
Tax rate changes	0.3	
Adjustments in respect of prior periods	(0.4)	(0.1)
	(2.4)	(0.5)

Notes *(continued)*

9. Deferred taxation

	9 months ended 31 January 2020 £'m	12 months ended 30 April 2019 £'m
The movement on the deferred tax account is as follows:		
At 1 May 2019	0.4	0.6
Charged to the profit and loss account	2.1	(0.2)
At 31 January 2020	2.5	0.4

Deferred tax assets	Accelerated tax depreciation	Other differences	Total
	£'m	£'m	£'m
At 30 April 2019	0.2	0.2	0.4
Charged to the profit and loss account	2.1	-	2.1
At 31 January 2020	**2.3**	**0.2**	**2.5**

All of the deferred tax assets of the company were available for offset against deferred tax liabilities. Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17% (30 April 2019: 17.0%).

Deferred tax assets of £2.5m (30 April 2019: £0.4m) in respect of tax losses carried forward have not been recognised due to insufficient certainty over their recoverability.

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016, and the UK deferred tax asset as at 31 January 2020 has been calculated based on this rate.

The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. This will increase the company's future current tax charge accordingly and will be included in the results of the next accounting period.

Notes *(continued)*

10. Property, plant and equipment

	Freehold land and buildings £'m	Plant and machinery £'m	Assets in the course of construction £'m	Leased Assets £'m	Total £'m
Cost					
At 1 May 2019	4.5	31.1	2.1		37.7
Additions	-	0.1	1.5	0.5	2.1
Transfers	-	0.8	(0.8)	-	-
Reclassification	-	(0.4)	-	-	(0.4)
At 31 January 2020	**4.5**	**31.6**	**2.8**	**0.5**	**39.4**
Accumulated depreciation					
At 1 May 2019	1.8	21.8	-	-	23.6
Charge for the period	0.1	1.2	-	0.1	1.4
Reclassification	-	(0.4)	-	-	(0.4)
At 31 January 2020	**1.9**	**22.6**	**-**	**0.1**	**24.6**
Net book amount					
At 31 January 2020	**2.6**	**9.0**	**2.8**	**0.4**	**14.8**
Net book amount					
At 30 April 2019	2.7	9.3	2.1	-	14.1

The opening balances of cost and accumulated depreciation in plant and machinery have both been restated by an amount of £0.6m to correct the disposal of an asset, disclosed incorrectly in the prior year. Computer equipment of £0.2m previously disclosed incorrectly in the opening balance of Assets in the course of construction has also been moved to the opening balance of Plant & Machinery.

Depreciation is charged to the profit and loss account as a part of operating expenses.

The carrying value of freehold land and buildings of £2.6m (30 April 2019: £2.7m) includes land at cost of £0.9m (30 April 2019: £0.9m). Freehold land is not depreciated.

Notes *(continued)*

11. Leases

Information presented in this note is in respect of the current period ended 31 January 2020 and is presented in accordance with IFRS 16. Information in respect of the comparative period ended 30 April 2019 is presented in accordance with IAS 17. Consort holds machinery, vehicles and buildings under leasing arrangements that are recognised as right of use assets and lease liabilities, with remaining lease terms ranging up to 5 years.

Information in respect of right of use assets, including the carrying amount, additions and depreciation, are set out in note 11 to these financial statements. Information in respect of the carrying value and interest arising on lease liabilities is set out in note 13. A maturity analysis of lease liabilities is set out below.

The Company also enters into short-term leases and low value leases which are not recognised as right of use assets and lease liabilities. The expense recognised in the period in relation to these leases is disclosed in note 3.

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

	As at 31 January 2020 £m
Maturity analysis - contractual undiscounted cash flows	
No later than one year	0.1
Later than one year and no later than five years	0.3
Later than five years and no later than 25 years	-
Total undiscounted lease liabilities at 31 January 2020	0.4

12. Carrying value and interest on leases

Lease liabilities included in the balance sheet at 31 January 2020	**9 months ended 31 January 2020 £m**
Current	0.1
Non-current	0.3
Amounts recognised in profit and loss	
Interest on lease liabilities	-
Amounts recognised in the statement of cash flows	
Total cash outflow for leases	0.1

Notes *(continued)*

13. Investments

	31 January 2020	30 April 2019
	£'m	£'m
Investments in subsidiaries	-	-

The details of the Company's investments are summarised below:

Subsidiary	Country of incorporation	% ownership	Nature of business
Aesica Queenborough Limited[1]	England	100%	Trading company
Aesica Formulation Development Limited*[2]	England	100%	Trading company
Aesica Trustee Company Limited[2]	England	100%	Holding company
Aesica Pharmaceuticals GmbH[3]	Germany	10%	Trading company
Aesica LLC[4]	USA	100%	Non-trading company

*Owned indirectly via Aesica Queenborough Limited

[1]North Road, Queenborough, ME11 5EL, United Kingdom

[2]Suite B Breakspear Park, Breakspear Way, Hemel Hempstead, Hertfordshire, England, HP2 4TZ

[3]Alfred-Nobel Straße 10, 40789, Monheim, Germany

[4]601 US Highway 35 North, Neptune, New Jersey, 07753, USA

14. Stock

	31 January 2020	30 April 2019
	£'m	£'m
Raw materials and packaging	3.0	2.9
Work in progress	1.3	0.7
Finished goods	1.2	0.8
	5.5	4.4

Notes *(continued)*

15. Trade and other receivables

	31 January 2020 £'m	30 April 2019 £'m
Trade debtors	**1.6**	2.3
Amounts owed by group undertakings	**226.9**	214.6
Prepayments	**0.3**	0.3
Contract assets	**2.3**	3.1
Other debtors	**1.0**	0.3
Total trade and other receivables	**232.1**	220.6
Amounts due within one year:	**7.0**	8.1
Amounts due after one year:	**225.1**	212.5

Provisions for impairment of receivables are charged to the profit and loss account as part of operating expenses. All of the receivables of the company are less than three months overdue and it has not been necessary to make any provisions for expected credit losses.

16. Borrowings

	31 January 2020 £'m	30 April 2019 £'m
Bank overdraft	**0.2**	0.2

Notes *(continued)*

17. Trade and other payables

	31 January 2020 £'m	30 April 2019 £'m
Trade creditors	**2.4**	5.6
Other tax and social security payable	**0.2**	0.2
Accruals	**1.3**	1.5
Contract liabilities	**3.6**	3.8
Corporation tax payable	**-**	0.2
Amounts owed to group undertakings	**124.6**	94.2
Total trade and other payables	**132.1**	105.5

Amounts due to group undertakings are interest free or at rates linked to LIBOR and repayable on demand.

Notes *(continued)*

18. Provisions

	Restructuring and other provisions	Employee benefits	Total
	£'m	£'m	£'m
At 1 May 2019	1.1	0.1	1.2
Provided in the year	-	-	-
Utilised in the year	(0.8)	(0.1)	(0.9)
At 31 January 2020	**0.3**	**-**	**0.3**

Analysis of total provisions:			
Current	0.3	-	0.3
Non-current	-	-	-
Total	**0.3**	**0.0**	**0.3**

The restructuring and other provisions balance at 31 January 2020 comprises mainly onerous property leases associated with business streamlining and restructuring completed in the prior year.

For all provisions, the amounts provided represent management's best estimate of the most likely outcome. The split of provisions between current and non-current reflects the expected timing of the associated cash outflows.

Notes *(continued)*

19. Commitments and contingent liabilities

		31 January 2020	30 April 2019
		£'m	£'m
Property, plant and equipment			
(i)	Capital expenditure contracted but not provided for in the accounts	**0.5**	0.4
As lessee			
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:			
No later than one year		-	0.1
Later than one year and no later than five years		-	0.2
		-	0.3

(ii) The Company is party to a cross-guarantee agreement to the benefit of its ultimate parent, Consort Medical plc, in respect of the Group's multi-currency revolving credit facility with National Westminster Bank plc, HSBC UK Bank plc, Bank of Ireland, Royal Bank of Canada and Commerzbank. At 31 January 2020, the outstanding balance of these borrowings within Consort Medical plc amounted to £160.2m (30 April 2019: £110.9m). After the period end, as a result of the acquisition of Consort Medical plc and its subsidiary undertakings by Recipharm Holdings Limited (see note 23), the facility was cancelled and replaced with an intercompany loan from Recipharm AB. The Company no longer is a party to a cross-guarantee agreement.

Notes *(continued)*

20. Share capital

	Allotted and fully paid	
	As at 31 January 2020 £'m	As at 31 January 2020 Number
Ordinary shares of 1p each – Class A1	-	26,922
Ordinary shares of 1p each – Class A2	-	24,400
Ordinary shares of 1p each – Class B1	-	1,000
Ordinary shares of 1p each – Class B2	-	1,000
Ordinary shares of 1p each – Class C1	-	17,624
Ordinary shares of 1p each – Class C2	-	17,738
Ordinary shares of 1p each – Class D	-	6,862
Total ordinary shares	-	95,546
Preference shares of 1p each	0.1	7,195,491

The rights of the ordinary shares and preference shares are summarised below:

The holding of class 'A1', 'A2', 'B1', 'B2', 'C1', 'C2' and 'D' ordinary shares and preference shares in the capital of the company have equal rights and rank pari passu in all respects.

Any amounts payable to any class of share shall be distributed amongst members holding shares of that class pro rata to the number of shares held.

21. Dividends

Dividends receivable	9 months ended 31 January 2020 £'m	12 months ended 30 April 2019 £'m
Dividend receivable from group companies	-	0.4

No dividend receivable due to a 9 month accounting period.

Notes *(continued)*

22. Related party transactions and ultimate parent undertaking

The immediate parent undertaking is Aesica BC Limited, which owns 100% of the Company's share capital. At 31 January 2020, the Company's ultimate parent undertaking and controlling party was Consort Medical plc and consolidated group financial statements, which include Bespak Europe Limited, are available from Consort's registered office at Suite B, Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ.

After the period end, on 4 February 2020, Consort Medical plc and its subsidiary undertakings were acquired by Recipharm Holdings Limited, a directly wholly-owned subsidiary of Recipharm AB, resulting in a change to the Company's ultimate parent undertaking to Recipharm AB. See note 23.

23. Post Balance Sheet Events

Acquisition of Consort Medical plc by Recipharm Holdings Limited

On 18 November 2019 Recipharm announced its offer to acquire Consort Medical plc and on 4 February 2020 the cash offer of GBP 505 million was declared wholly unconditional. As a result of the offer being declared unconditional, Consort Medical plc and all its subsidiaries (including Aesica Pharmaceuticals Limited) became part of the Recipharm Group.

Contingent liabilities

The Company was party to a cross-guarantee agreement to the benefit of its former ultimate parent, Consort Medical plc, in respect of the Group's multi-currency revolving credit facility with National Westminster Bank plc, HSBC UK Bank plc, Bank of Ireland, Royal Bank of Canada and Commerzbank. As a result of the acquisition of Consort Medical plc and its subsidiary undertakings by Recipharm Holdings Limited the facility was cancelled and repaid in February 2020 and replaced with an intercompany loan from Recipharm AB. The Company is no longer a party to a cross-guarantee agreement.

COVID-19

The impact of the COVID-19 on our worldwide operations is constantly monitored. Production performance has been negatively impacted at most locations due to staff absence. Production activities are prioritised to optimise output in order to support customer needs in the most effective manner. All factories are currently operating but with reduced capacity and delays caused by material supply interruptions. Significant effort and resources have been invested to ensure continued supply to our customers and patients. Measures include adapting work schedules, shifts patterns and overtime work whilst putting non-manufacturing activities on hold.

The demand for our products is not expected to be significantly affected but the uncertainty for all businesses is making the future difficult to predict. The pharmaceutical industry is in most countries prioritised and we are focused on maintaining a reliable supply. We continue to follow all governmental recommendations whilst at the same time working to mitigate any disruptions.

Aesica Queenborough Limited

Annual report and financial statements

Period Ended 31 January 2020

Registered No: 06350087

Contents

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Directors and advisers

Directors

Mark Quick (appointed 15 June 2020)
Thomas Eldered (appointed 4 February 2020)
Jonathan Glenn (resigned 4 February 2020)
Paul Hayes (resigned 4 February 2020)
Dr Manja Boerman (resigned 30 November 2019)

Company secretary

Andrew Jackson (resigned 30 April 2020)

Independent Auditor

KPMG LLP
15 Canada Square
London
E14 5GL

Banker

Lloyds Banking Group
41/51 Grey Street
Newcastle upon Tyne
NE1 6EE

Registered office

Aesica Queenborough Limited,
North Road,
Queenborough
Kent
ME11 5EL

Strategic report

Principal activities

Aesica Queenborough Limited ("the Company") manufactures and sells formulated pharmaceutical products and packaging services to the pharmaceutical industry. The Company operates from its manufacturing location in Queenborough in the United Kingdom.

Business Review

The results for the Company show revenue of £30.7m for the 9 months (12 months ended 30 April 2019: £49.8m) and a loss before tax of £11.6m (12 months ended 30 April 2019: loss of £13.9m). The business is in the process of closing certain loss making operations incurring one-off special costs in the period of £3.1m (12 months ended 30 April 2019: £13.6m). See Note 4 for further details.

The Company has net liabilities of £11.9m (30 April 2019: net liabilities of £1.8m) at the period end.

Future outlook

The Company is continuing to explore opportunities with current and new customers and to support them with their development work.

Principal risk and uncertainties

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key business risks and uncertainties include reliance upon key customers/products, regulatory/legal risk, product quality, restructuring and political/socio-economic risk including the impact of Brexit. Further discussion of these key risks and uncertainties, in the context of the Consort Medical plc group as a whole, is provided in the Strategic Report within Consort Medical plc's consolidated financial statements which do not form part of this report.

Financial reporting period

On 4 February 2020, the Consort Medical plc Group ("Consort") was acquired by Recipharm Holdings Limited, a directly wholly owned subsidiary of Recipharm AB. Further details are given on Recipharm's website. As a result of the acquisition, certain Consort entities have brought forward their reporting period to 31 January 2020 instead of their previous 30 April year-end. Due to this change in statutory reporting date, the accounts for the period ending 31 January 2020 cover a period of 9 months.

Strategic report *(continued)*

Brexit

On 31 January 2020, the United Kingdom (U.K.) formally departed from the E.U., commonly referred to as "Brexit". As agreed with the E.U., the U.K. has now entered into a transition period and will remain in both the E.U. customs union and single market until 31 December 2020. It is understood that that the British government has begun negotiating the terms of the U.K.'s future relationship with the E.U. post 31 December 2020. The Company has considered the nature and extent of risks and uncertainties arising from the result of the Brexit referendum and the impact on the future performance and position of the business. The Company does not consider that a hard Brexit will have a significant impact on its operations and ability to service its supply chain. As negotiations continue, the Company will monitor outcomes, assess the impact on the regulatory environment in which it operates, its customers, supply chain and employees and will implement an appropriate response.

COVID-19

The impact of COVID-19 on our worldwide operations is constantly monitored. Production performance has been negatively impacted at most locations due to staff absence. Production activities are prioritised to optimise output in order to support customer needs in the most effective manner. All factories are currently operating but with reduced capacity and delays caused by material supply interruptions. Significant effort and resources have been invested to ensure continued supply to our customers and patients. Measures include adapting work schedules, shifts patterns and overtime work whilst putting non-manufacturing activities on hold.

The demand for our products is not expected to be significantly affected but the uncertainty for all businesses is making the future difficult to predict. The pharmaceutical industry is in most countries prioritised and we are focused on maintaining a reliable supply. We continue to follow all governmental recommendations whilst at the same time working to mitigate any disruptions.

On behalf of the Board

Mark Quick
Director
Aesica Queenborough Limited,
North Road,
Queenborough
Kent
ME11 5EL

14 July 2020

Directors' report

The directors present their report together with the audited financial statements for the Period Ended 31 January 2020.

General Information

The Company is incorporated and domiciled in the United Kingdom. The address of its registered office is Aesica Queenborough Limited, North Road, Queenborough, Kent, ME11 5EL

Research and development

We continue to invest in the development of new products for our customers. In addition we continue to invest in process improvements for the manufacture of our existing products.

Directors and their interests

The directors of the Company during the period, and up to the date of this report are shown below. None of the directors have had an interest in the shares of the Company, its holding Company or its subsidiaries at any time in the financial period or previous year.

Mark Quick (appointed 15 June 2020)
Thomas Eldered (appointed 4 February 2020)
Jonathan Glenn (resigned 4 February 2020)
Paul Hayes (resigned 4 February 2020)
Dr Manja Boerman (resigned 30 November 2019)

Going concern

Notwithstanding net liabilities of £11.9m as at 31 January 2020 (30 April 2019: £1.8m) and a loss for the period then ended of £10.1m (30 April 2019: £11.0m), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the impact of COVID-19, the Company will have sufficient funds, through its overdraft facility and in downside cases funding from its intermediate parent company, Consort Medical plc, to meet its liabilities as they fall due for that period. The impact of COVID-19 on Consort Medical plc is disclosed in the consolidated financial statements and is not expected to have a significant impact on that company or the group.

Those forecasts are dependent on the Company's intermediate parent company, Consort Medical plc not seeking repayment of the amounts currently due to the group and/or fellow subsidiary undertakings, which at 31 January 2020 amounted to £55.6m (30 April 2019: £38.7m), and providing additional financial support during that period. Consort Medical plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Directors' report *(continued)*

Going concern *(continued)*

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 18 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Equal opportunities

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 and offers appropriate training and career development for disabled staff. If members of staff become disabled, the Company continues employment wherever possible and arranges retraining.

Future developments

Details of the future outlook are disclosed in the strategic report on page 2.

Political contributions

The Company made no political donations or incurred any political expenditure during the period (12 months ended 30 April 2019: £nil).

Disclosure of information to auditor

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

S172 Statement in Strategic Report

Directors' duties in relation to s172 Companies Act 2006

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

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

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

Directors' report *(continued)*

Long term value

We continue to invest in resources for the continued long-term success of the business. During the period we spent £1.5m on research and development activities which will provide the innovative products and services required for the Company's continued success. We also spent £1.5m on capital expenditure which will ensure we have the capabilities to meet anticipated future demands.

Employee engagement

The future success of the Company is dependent on the skill and commitment of its staff, both full time and part time and it is the policy of the Company to develop and maintain employee awareness and involvement in its activities through regular management briefings and dissemination of relevant information. Particular importance is attached to career development and staff training is available through in-house and nationally recognised training courses. The involvement of employees in the Company performance is encouraged, for example through various Company performance related awards. Employees are further involved through local and national staff councils which meet regularly with senior management.

Business relationships

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

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

Energy & carbon reporting

The Company's energy consumption has increased slightly from 1218.7kWh/£000 of sales in 12 months to 30 April 2019 to 1286.3kWh/£000 of sales in 9 months to 31 January 2020. However, this was driven by the lower sales figure in the period as monthly energy consumption has in fact fallen by 13%.

Directors' report *(continued)*

Energy & carbon reporting *(continued)*

The Company is committed to reducing the energy consumption and the carbon impact of our operations. This requires significant investment in new technologies and behaviour change. The table below sets out the greenhouse gas emissions from all sources over which we have operational control. Emissions outside of our responsibility, including shared office locations, have not been included.

	Tonnes of CO_2e	
	9 months to 31 January 2020	12 months to 30 April 2019
Gas	**4,865.3**	7,118.0
Electricity	**3,328.9**	6,230.7
Diesel	**429.9**	788.1
Total emissions	**8,624.1**	14,136.8
Per £'000 of sales	**0.28**	0.28
Per Number of Employees	**22.2**	33.8
Per month	**958.24**	1,178.06

Shareholder engagement

The Consort group was acquired by Recipharm Holdings Limited on 4 February 2020. Prior to this, and during the full period covered by this report, the Group was publicly owned and the Board regarded its relationships with its shareholders as very important. The Board encouraged open dialogue with them through regular meetings with the Group's institutional shareholders, including meetings following the announcement of the Group's interim and annual results, and at other times with institutional investors and other shareholders at their request. Shareholders could meet with any new non-executive director if they so wished. The Chair ensured that views expressed at these meetings were reported to the Board as a whole. The Group's brokers also attended Board meetings at the request of the Chair to provide feedback on shareholder opinion.

All shareholders had the opportunity of discussing the Group's performance and development at its AGM, which provides a forum for shareholders to raise issues with the Board. During the reporting period, the Group AGM was successfully held in September 2019.

Now that the Company is owned by Recipharm, the business will be subject to new and different arrangements going forward. We have full confidence that these new processes will be more than adequate to support all our stakeholder's needs.

On behalf of the Board

Mark Quick
Director
Aesica Queenborough Limited,
North Road,
Queenborough
Kent
ME11 5EL

14 July 2020

Statement of directors' responsibilities in respect of the annual report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial period. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

On behalf of the Board

M. R. Q

Mark Quick
Director
Aesica Queenborough Limited,
North Road,
Queenborough
Kent
ME11 5EL

14 July 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AESICA QUEENBOROUGH LIMITED

Opinion

We have audited the financial statements of Aesica Queenborough Limited ("the company") for the Period Ended 31 January 2020 which comprise the Profit and loss account and other comprehensive income, the Balance Sheet, the Statement of changes in equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 January 2020 and of its loss for the nine months then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AESICA QUEENBOROUGH LIMITED *(continued)*

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 8, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AESICA QUEENBOROUGH LIMITED *(continued)*

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Lynton Richmond

Lynton Richmond (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

23 July 2020

Profit and loss account and other comprehensive income

for the period ended 31 January 2020

	Note	9 Months ended 31 January 2020 £'m	12 months ended 30 April 2019 £'m
Revenue	2	**30.7**	49.8
Operating expenses		**(38.7)**	(49.5)
Special items	4	**(3.1)**	(13.6)
Operating loss		**(11.1)**	(13.3)
Interest payable and similar charges	7	**(0.5)**	(0.6)
Loss before taxation		**(11.6)**	(13.9)
Tax on loss	8	**1.5**	2.9
Loss for the financial period/year		**(10.1)**	(11.0)

There is no other comprehensive income for the financial period (12 months ended 30 April 2019: none).

The notes set out on pages 15 to 35 are an integral part of these.

Balance Sheet

as at 31 January 2020

	Note	31 January 2020 £'m	30 April 2019 £'m
Non-current assets			
Investments	9	-	-
Property, plant and equipment	10	**34.8**	34.8
Deferred tax asset	15	**2.2**	0.9
		37.0	35.7
Current assets			
Stock	12	**11.3**	11.2
Trade and other receivables	13	**12.7**	15.6
Cash		-	0.4
		24.0	27.2
Total assets		**61.0**	62.9
Current liabilities			
Borrowings		**(1.1)**	-
Trade and other payables	14	**(13.9)**	(21.2)
Provisions	16	**(0.8)**	(6.4)
		(15.8)	(27.6)
Net current assets/(liabilities)		**8.2**	**(0.4)**
Non-current liabilities			
Trade and other payables	14	**(53.5)**	(35.9)
Provisions	16	**(3.6)**	(1.2)
		(57.1)	(37.1)
Net liabilities		**(11.9)**	(1.8)
Shareholders' equity			
Share capital	17	-	-
Profit and loss account		**(11.9)**	(1.8)
Total equity		**(11.9)**	(1.8)

The notes set out on pages 15 to 35 are an integral part of these financial statements.

The financial statements set out on pages 12 to 35 were approved and authorised by the Board of directors on 14 July 2020 and were signed on its behalf by:

Mark Quick
Director
Aesica Queenborough Limited

Registered number: 06350087

Statement of changes in equity

for the 9 months ended 31 January 2020

	Share capital £'m	Profit and loss account £'m	Total equity £'m
Balance at 30 April 2018	-	**9.2**	**9.2**
Loss for the year	-	(11.0)	(11.0)
Balance at 30 April 2019	-	**(1.8)**	**(1.8)**
Loss for the 9 months	-	(10.1)	(10.1)
Balance at 31 January 2020	-	**(11.9)**	**(11.9)**

The notes set out on pages 15 to 35 are an integral part of these financial statements.

Notes *(forming part of the financial statements)*

1. Accounting policies

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

Basis of preparation

Aesica Queenborough Limited (the "Company") is a company incorporated and domiciled in England in the United Kingdom under the Companies Act 2006, registered number 06350087.

The Company is a wholly-owned subsidiary of Aesica Pharmaceuticals Limited. The Company's ultimate parent undertaking, Consort Medical plc includes the Company in its consolidated financial statements. The consolidated financial statements of Consort Medical plc can be found at the Company's registered address as noted in Note 19.

The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its ultimate parent, Consort Medical plc.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applied the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but made amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets, intangible assets and investment properties;
- Disclosures in respect of capital management;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

Notes *(continued)*

1. Accounting policies (continued)

Financial reporting period

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

Accounting convention

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

Going concern

Notwithstanding net liabilities of £11.9m as at 31 January 2020 (30 April 2019: £1.8m) and a loss for the period then ended of £10.1m (30 April 2019: £11.0m), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have prepared cash flow forecasts for a period of 18 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, including the impact of COVID-19, the Company will have sufficient funds, through its overdraft facility and in downside cases funding from its intermediate parent company, Consort Medical plc, to meet its liabilities as they fall due for that period. The impact of COVID-19 on Consort Medical plc is disclosed in the consolidated financial statements and is not expected to have a significant impact on that company or the group.

Those forecasts are dependent on the Company's intermediate parent company, Consort Medical plc not seeking repayment of the amounts currently due to the group and/or fellow subsidiary undertakings, which at 31 January 2020 amounted to £55.6m (30 April 2019: £38.7m), and providing additional financial support during that period. Consort Medical plc has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 18 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Revenue recognition

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

Notes *(continued)*

1. Accounting policies *(continued)*

Revenue recognition *(continued)*

Products sold include active pharmaceutical ingredients (API) and finished dose drug products. Service represents in-house development and support on new and existing customer programmes.

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

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

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

Research expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Stock

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises the direct cost of production and the attributable portion of overheads based on normal operating capacity appropriate to location and condition. Cost is determined on a first-in, first-out basis. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Provision is made if necessary for any slow-moving, obsolete or defective inventory.

Foreign currency translation

Functional presentation currency
The financial statements are presented in pounds sterling (£), which is the Company's functional and presentational currency.

Transactions and balances
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 transactions and from the translation at period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Foreign exchange gains and losses that relate to borrowings and cash equivalents are presented in the profit and loss account within "finance income or costs".

Special items

The directors believe that presenting special items disaggregated from operating expenditure in the profit and loss account provides additional useful information on the underlying performance of the Company. Further detail on the special items can be found in note 4.

Notes *(continued)*

1. Accounting policies *(continued)*

Property, plant and equipment

Property, plant and equipment are measured at historical cost less accumulated depreciation. Historical cost includes costs directly attributable to the acquisition of the items. Historical cost may also include transfers from equity of any gains / losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Land and assets in the course of construction are not depreciated. Depreciation on other assets is provided using the straight line method to allocate the cost, less estimated residual values, of the assets over their expected useful economic lives as follows:

Freehold buildings	-	3% per annum
Plant and machinery	-	10% - 33% per annum
Fixtures and fittings	-	10% - 33% per annum

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

Trade and other receivables

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

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

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

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Notes *(continued)*

1. Accounting policies *(continued)*

Interest receivable and Interest payable *(continued)*

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

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

Cash and cash equivalents

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

Taxation including deferred tax

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Investments

Investments are stated at cost less provision for impairment.

Notes *(continued)*

1. Accounting policies *(continued)*

Employee benefits

The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Company operates a share based payment incentive scheme. The grants are based on company and individual performance and are subject to certain criteria being met.

Leases

The Company has adopted IFRS 16 Leases effective 1 May 2019, using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under IAS17 and IFRIC 4.

At inception of a contract, the Company assesses whether the contract is, or contains a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

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

This policy is applied to contracts entered into, or changed, on or after 1 May 2019.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for leases of land and buildings, in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease component as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement of the lease, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight line method from the commencement of the lease to the earlier of the end of its useful life or the end of the lease term.

Notes *(continued)*

1. Accounting policies *(continued)*

Leases *(continued)*

The lease liability is initially measured at the present value of the future lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is re-measured when there is a change in future lease payments, a change in the Company's estimate of the amount expected to be payable under residual guarantee or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of machinery that have a lease term of 12 months or less and leases of low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Critical accounting judgements and key sources of estimation uncertainty

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

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

Judgements made by management that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes to these financial statements.

Judgements

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

A. Development costs

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

Notes *(continued)*

1. Accounting policies *(continued)*

Critical accounting judgements and key sources of estimation uncertainty *(continued)*

B. Revenue recognition

The Company's revenue recognition policies require management to make judgements in respect of the revenue accounting for major manufacturing contracts and/or material amendments to contracts. The transition to IFRS15 has not introduced any additional significant judgements or estimation uncertainty.

Estimates

The key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Provisions and related assets

Provisions are liabilities of uncertain timing or amount and therefore judgement is applied in making a reliable estimate of the quantum and timing. In determining the amount to recognise for any provisions, management consults with suitably qualified and experienced personnel, considers the Company's experience of similar matters and communications with potential counterparties and the Company's legal advisers. The total value of provisions at 31 January 2020 was £4.4m (30 April 2019: £7.6m).

Impairment excluding stocks, and deferred tax assets

Financial assets (including trade and other receivables)

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

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

Notes *(continued)*

1. Accounting policies *(continued)*

Non-financial assets

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

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Adoption of new and revised standards

The following standards and amendments have been applied for the first time during the period commencing 1 May 2019 but do not have a material impact on the Company:

- IFRIC 23 – Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 – Prepayment Features with Negative Compensation
- Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures
- Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards

The following standards and amendments, relevant to the Company, have been applied for the first time during the period commencing 1 May 2019:

IFRS 16 – Leases was issued in January 2016 and was adopted by the Company effective 1 May 2019. The standard provides a single lease accounting model, requiring lessees to recognise assets and liabilities for all operating leases unless the term is 12 months or less or the underlying asset has a low value. A straight-line depreciation expense is recognised in relation to the right-of-use assets and an amortising interest charge in relation to the lease liabilities is recognised in the consolidated income statement. The interest charge will be higher in the earlier periods of a lease as the interest element unwinds. This replaces the operating lease expense previously recognised in the income statement under IAS 17. No adjustment to equity was necessary on transition and comparative results did not require restatement. The approach to lessor accounting is substantially unchanged from the predecessor standard, IAS 17.

The following accounting standards relevant to the Company have not been early adopted:

- Amendments to References to Conceptual Framework in IFRS Standards

Notes *(continued)*

2. Revenue

	9 months ended 31 January 2020 £'m	12 months ended 30 April 2019 £'m
Sale of goods	**27.6**	39.6
Rendering of services	**3.1**	10.2
Total revenue	**30.7**	49.8

	9 months ended 31 January 2020 £'m	12 months ended 30 April 2019 £'m
United Kingdom	**6.0**	8.9
United States of America	**0.5**	1.1
Europe	**24.2**	39.8
Total revenue	**30.7**	49.8

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

	9 months ended 31 January 2020 £'m	12 months ended 30 April 2019 £'m
Revenue recognised at a point in time	**27.6**	39.6
Revenue recognised over time	**3.1**	10.2
Total revenue	**30.7**	49.8

	31 January 2020 £'m	30 April 2019 £'m
Contract Assets	**1.9**	-
Contract Liabilities	**0.7**	2.2

Of the opening contract liability on 1 May 2019, £1.7m was recognised in revenue in the current period. Of the contract liabilities at 31 January 2020, we expect the full amount to be recognised in revenue during the year ended 31 January 2021.

Notes *(continued)*

3. Expenses and auditors' remuneration

Auditor's remuneration of £67,500 (12 months ended 30 April 2019: £58,000) was incurred.

Non-audit fees with auditors:

- Audit related assurance services £17,308 (12 months ended 30 April 2019: £nil).

Research and development expenditure amounted to £1.5m (12 months ended 30 April 2019: £1.5m).

4. Special items

	9 months ended 31 January 2020	12 months ended 30 April 2019
	£'m	£'m
Restructuring costs and other one-off associated costs	**3.1**	10.2
Impairment of tangible fixed assets and inventory	-	3.4
	3.1	**13.6**

Reorganisation costs of £3.1m (12 months ended 30 April 2019: £10.2m) include costs associated with the closure and decommissioning of the API plant at Queenborough.

Impairment of assets and inventory in the prior year related to a write-down of the carrying values of assets associated with the closure of the API plant at Queenborough.

Notes *(continued)*

5. Staff costs and numbers

Staff costs during the period

	9 months ended 31 January 2020 £'m	12 months ended 30 April 2019 £'m
Wages and salaries	**10.1**	14.1
Social security costs	**1.0**	1.4
Other pension costs	**0.4**	0.6
Total staff cost	**11.5**	16.1

Average number of people employed	9 months ended 31 January 2020 Number	12 months ended 30 April 2019 Number
Production	**163**	180
Maintenance	**53**	54
Administration	**172**	184
Total	**388**	418

6. Directors' remuneration

Jonathan Glenn and Paul Hayes were also directors of the ultimate parent undertaking, Consort Medical plc during the period. Details of their remuneration for services to the group as a whole are included in the consolidated financial statements of Consort Medical plc, as set out in note 19. Dr Manja Boerman was also a director of Aesica Pharmaceuticals Limited during the period. Details of her remuneration for services to that and this company are disclosed in the financial statements of Aesica Pharmaceuticals Limited.

Consort Medical plc made a charge to the company in respect of management services amounting to £0.7m (12 months ended 30 April 2019: £1.1m). This charge also includes a recharge of administration costs borne by Consort Medical plc and Aesica Pharmaceuticals Limited on behalf of the company.

Mark Quick and Thomas Eldered are directors of Recipharm AB. Their remuneration is included in the consolidated results of Recipharm AB.

Notes *(continued)*

7. Interest payable and similar charges

	9 months ended 31 January 2020	12 months ended 30 April 2019
	£'m	£'m
Interest payable to group undertakings	**0.5**	0.6

8. Taxation

Taxation credit based on loss for the period

The major components of the income tax credit are:

	9 months ended 31 January 2020	12 months ended 30 April 2019
	£'m	£'m
Current tax		
UK corporation tax at 19%	-	(1.4)
Adjustments in respect of prior periods	(0.2)	-
	(0.2)	(1.4)
Deferred income tax		
UK origination and reversal of timing differences	(1.7)	(1.5)
Adjustments in respect of prior periods	0.4	-
	(1.3)	(1.5)
Income tax credit reported in the profit and loss account	(1.5)	(2.9)

Notes *(continued)*

8. Taxation (continued)

Reconciliation between tax credit and the Company's loss on ordinary activities before taxation

The reconciliation of the UK Statutory tax credit to the Company's loss on ordinary activities before taxation is as follows:

	9 months ended 31 January 2020	12 months ended 30 April 2019
	£'m	£'m
Loss on ordinary activities before taxation	(11.6)	(13.9)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19% (12 months ended 30 April 2019: 19%)	(2.2)	(2.6)
Effects of:		
Tax effect of non-deductible items	0.3	0.1
Adjustments in respect of prior periods	0.2	(0.1)
Income not taxable	-	(0.3)
Effect of changes in tax rates	0.2	-
Taxation for the period	(1.5)	(2.9)

9. Investments

	31 January 2020	30 April 2019
	£'m	£'m
Investments in subsidiary	-	-

The details of the Company's investments are summarised below:

Subsidiary	Country of incorporation	% ownership	Nature of business
Aesica Formulation Development Limited[1]	England	100%	Non-trading

[1]Suite B, Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ, United Kingdom

Notes *(continued)*

10. Property, plant and equipment

	Freehold land and buildings £'m	Plant and machinery £'m	Assets in the course of construction £'m	Leased Plant and machinery £'m	Total £'m
Cost					
At 30 April 2019	18.0	33.3	5.8	-	57.1
Recognised on adoption of IFRS16	-	-	-	0.4	0.4
At 1 May 2019	18.0	33.3	5.8	0.4	57.5
Additions	-	-	1.7	0.8	2.5
Disposals	-	-	-	(0.3)	(0.3)
Transfers	0.2	4.4	(4.6)	-	-
At 31 January 2020	**18.2**	**37.7**	**2.9**	**0.9**	**59.7**
Accumulated depreciation					
At 1 May 2019	2.9	19.4	-	-	22.3
Charge for the period	0.4	2.1	-	0.2	2.7
Disposals	-	-	-	(0.1)	(0.1)
At 31 January 2020	**3.3**	**21.5**	**-**	**0.1**	**24.9**
NBV at 31 January 2020	**14.9**	**16.2**	**2.9**	**0.8**	**34.8**
NBV at 30 April 2019	15.1	13.9	5.8	-	34.8

The carrying value of freehold land and buildings of £14.9m (30 April 2019: £15.1m) includes land at cost of £2.7m (30 April 2019: £2.7m). Freehold land is not depreciated. Depreciation is charged to the profit and loss account in administrative expenses.

11. Leases

Information presented in this note is in respect of the current period ended 31 January 2020 and is presented in accordance with IFRS 16. Information in respect of the comparative period ended 30 April 2019 is presented in accordance with IAS 17. Aesica Queenborough Limited holds machinery and vehicles under leasing arrangements that are recognised as right of use assets and lease liabilities, with remaining lease terms ranging up to 5 years.

Information in respect of right of use assets, including the carrying amount, additions and depreciation, are set out in note 10 to these financial statements. A maturity analysis of lease liabilities is set out below. The Company also enters into short-term leases and low value leases which are not recognised as right of use assets and lease liabilities. The weighted average incremental borrowing rate applied to the lease liabilities in the statement of financial position at the initial adoption on 1 May 2019 was 2.8%.

Notes *(continued)*

11. Leases *(continued)*

	31 January 2020 £'m
Maturity analysis - contractual undiscounted cash flows	
No later than one year	0.2
Later than one year and no later than five years	0.6
Later than five years and no later than 25 years	-
Total undiscounted lease liabilities at 31 January 2020	**0.8**

	31 January 2020 £m
Lease liabilities included in the balance sheet at 31 January 2020	
Current	0.2
Non-current	0.6
Amounts recognised in profit and loss	
Interest on lease liabilities	-
Amounts recognised in the statement of cash flows	
Total cash outflow for leases	(0.4)

Comparative information is presented in line with IAS17, see note 18.

12. Stock

	31 January 2020 £'m	30 April 2019 £'m
Raw materials and packaging	6.0	6.8
Work in progress	2.5	1.8
Finished goods	2.8	2.6
	11.3	11.2

Notes *(continued)*

13. Trade and other receivables

	31 January 2020	30 April 2019
	£'m	£'m
Trade debtors	**7.1**	12.3
Other debtors	**3.0**	3.0
Amounts owed from group undertakings	**0.1**	0.1
Prepayments	**0.6**	0.2
Contract assets	**1.9**	-
	12.7	15.6

Trade receivables are stated after provisions for impairment of £1.2m (30 April 2019: £0.9m).

14. Trade and other payables

	31 January 2020	30 April 2019
	£'m	£'m
Trade payables	**9.0**	14.9
Amounts owed to group undertakings	**55.6**	38.7
Accruals	**1.3**	1.3
Lease Liabilities (see note 11)	**0.8**	-
Contract Liabilities	**0.7**	2.2
	67.4	57.1
Amounts falling due within one year:	**13.9**	21.2
Amounts falling due after one year:	**53.5**	35.9

Amounts owed to group undertakings are either interest free or at rates linked to LIBOR or EURIBOR.

Notes *(continued)*

15. Deferred taxation

	31 January 2020 £'m	30 April 2019 £'m
Deferred tax assets		
Accelerated tax depreciation	-	-
Deferred tax liabilities		
Accelerated tax depreciation	(2.2)	(0.9)
	(2.2)	(0.9)

Provision for deferred tax		
At 1 May	(0.9)	(0.6)
(Credited) / charged to the profit and loss account:		
- Accelerated capital allowances	(1.3)	1.5
At 31 January 2020	(2.2)	(0.9)

16. Provisions

	Restructuring and other provisions £'m	Total £'m
At 1 May 2019	7.6	7.6
Provided in the period	1.0	1.0
Utilised in the period	(4.2)	(4.2)
At 31 January 2020	**4.4**	**4.4**

Analysis of total provisions:	
Current	**0.8**
Non-current	**3.6**
Total	**4.4**

The restructuring and other provisions balance at 31 January 2020 is management's best estimate of the one-off costs associated with the exit from API activities at the Queenborough site. Provision amounts expected to be utilised within one year include amounts for redundancy payments and settlements under onerous contracts. Provision amounts classified as greater than one year largely represent the estimated cost of site decommissioning and remediation and could be subject to significant uncertainty. Further details relating to special items charged in the period can be found in note 4.

Notes *(continued)*

17. Share capital

	Authorised, issued and fully paid	
	2020 Number	**2020 £'m**
Ordinary shares of £1 each	100	-

18. Commitments and contingent liabilities

	31 January 2020 £'m	30 April 2019 £'m
Property, plant and equipment		
(i) Capital expenditure contracted but not provided for in the accounts	**0.4**	1.4
(ii) Commitments under operating leases		
As lessee		
The future aggregate minimum lease payments under non-cancellable operating leases are as follows:		
No later than one year	-	0.3
Later than one year and no later than five years	-	0.2
	-	0.5

Notes *(continued)*

18. Commitments and contingent liabilities *(continued)*

(iii) The Company is party to a cross-guarantee agreement to the benefit of its ultimate parent, Consort Medical plc, in respect of the Group's multi-currency revolving credit facility with National Westminster Bank plc, HSBC UK Bank plc, Bank of Ireland, Royal Bank of Canada and Commerzbank. At 31 January 2020, the outstanding balance of these borrowings within Consort Medical plc amounted to £160.2m (30 April 2019: £110.9m). After the period end, as a result of the acquisition of Consort Medical plc and its subsidiary undertakings by Recipharm Holdings Limited (see note 20), the facility was cancelled and the Company no longer is a party to a cross-guarantee agreement.

19. Related party transactions and ultimate parent undertaking

The immediate parent undertaking is Aesica Pharmaceuticals Limited, which owns 100% of the Company's share capital. At 31 January 2020, the Company's ultimate parent undertaking and controlling party was Consort Medical plc and consolidated group financial statements, which include Bespak Europe Limited, are available from Consort's registered office at Suite B, Breakspear Park, Breakspear Way, Hemel Hempstead, HP2 4TZ.

After the period end, on 4 February 2020, Consort Medical plc and its subsidiary undertakings were acquired by Recipharm Holdings Limited, a directly wholly-owned subsidiary of Recipharm AB, resulting in a change to the Company's ultimate parent undertaking to Recipharm AB. See note 20.

20. Events after the reporting period

Acquisition of Consort Medical plc by Recipharm Holdings Limited

On 18 November 2019 Recipharm announced its offer to acquire Consort Medical plc and on 4 February 2020 the cash offer of GBP 505 million was declared wholly unconditional. As a result of the offer being declared unconditional, Consort Medical plc and all its subsidiaries (including Aesica Queenborough Limited) became part of the Recipharm Group.

Contingent liabilities

The Company was party to a cross-guarantee agreement to the benefit of its former ultimate parent, Consort Medical plc, in respect of the Group's multi-currency revolving credit facility with National Westminster Bank plc, HSBC UK Bank plc, Bank of Ireland, Royal Bank of Canada and Commerzbank. As a result of the acquisition of Consort Medical plc and its subsidiary undertakings by Recipharm Holdings Limited, the facility was cancelled and repaid in February 2020 and replaced by an intercompany loan from Recipharm AB. The Company is no longer a party to a cross-guarantee agreement.

Notes *(continued)*

20. Events after the reporting period *(continued)*

COVID-19

The impact of COVID-19 on our worldwide operations is constantly monitored. Production performance has been negatively impacted at most locations due to staff absence. Production activities are prioritised to optimise output in order to support customer needs in the most effective manner. All factories are currently operating but with reduced capacity and delays caused by material supply interruptions. Significant effort and resources have been invested to ensure continued supply to our customers and patients. Measures include adapting work schedules, shifts patterns and overtime work whilst putting non-manufacturing activities on hold.

The demand for our products is not expected to be significantly affected but the uncertainty for all businesses is making the future difficult to predict. The pharmaceutical industry is in most countries prioritised and we are focused on maintaining a reliable supply. We continue to follow all governmental recommendations whilst at the same time working to mitigate any disruptions.