

Company Registration No. 03125708 (England and Wales)

PHARM-OLAM INTERNATIONAL (UK) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

COMPANIES HOUSE COPY



PHARM-OLAM INTERNATIONAL (UK) LIMITED

COMPANY INFORMATION

Directors	D Agroskin	(Appointed 16 December 2021)
	M A Goldberg	(Appointed 16 December 2021)
	R W Shimota	(Appointed 16 December 2021)
	P M Strothman	(Appointed 16 December 2021)

Secretary	C Brennan
------------------	-----------

Company number	03125708
-----------------------	----------

Registered office	1st Floor One Station Square Bracknell Berkshire RG12 1QB
--------------------------	---

Auditor	UHY Hacker Young Quadrant House 4 Thomas More Square London E1W 1YW
----------------	---

Bankers	HSBC Bank plc 100 Brook Drive Green Park Reading Berkshire RG2 6UJ
----------------	---

PHARM-OLAM INTERNATIONAL (UK) LIMITED

CONTENTS

	Page
Strategic report	1
Directors' report	2 - 5
Independent auditor's report	6 - 10
Profit and loss account	11
Statement of comprehensive income	12
Balance sheet	13
Statement of changes in equity	14
Notes to the financial statements	15 - 29

PHARM-OLAM INTERNATIONAL (UK) LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

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

Fair review of the business

The directors are satisfied with the level of revenue of the company and are satisfied that the company will maintain or improve this level of performance for the foreseeable future through an increase in business wins which will work out as revenue in 2022 and beyond.

During the year, turnover increased by 221% to £35.3 million (2020: £11.0 million). Revenue is derived from sales of services, excluding value added tax, and is a key performance indicator, as it measures the output of the business. The company achieved a gross profit margin of 23.5% (2020: 30.2%) and a net profit margin of 0.9% (2020: -3.1%).

The company's cash position at the year end was good, with cash at bank and in hand of £4.3 million (2020: £0.5 million). The company had net current assets of £2.9 million (2020: £2.6 million) and net assets of £3.6 million (2020: £3.2 million) at the year end.

The directors believe the company's position in the market place remains satisfactory. Despite the challenges posed to all CRO companies by the Covid-19 pandemic, the company has improved performance in 2021 and experienced a growth in business wins to fuel an expectation of further overall growth in 2022.

Principal risks and uncertainties

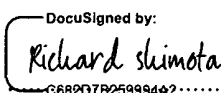
CRO industry

The company operates in a very competitive industry, competing with both small providers offering niche services, and large global CROs. In addition to this competition, some of the company's customers have the ability to carry out many of the CRO's activities, and thus not require a CRO's services.

Pharmaceutical industry

The company is reliant upon companies within the pharmaceutical industry continuing to outsource research and development expenditure. Any factors that affect or delay the level of outsourcing such as, but not limited to, merger and acquisition activity and lack of pipeline within the pharmaceutical industry, will impact the company's ability to generate revenue. The pharmaceutical industry, as an operating environment, has been very challenging in 2021 with the impact of the Covid-19 pandemic raising specific challenges around all patient and hospital based activity. This challenge has been addressed by an increase in use of remote/electronic monitoring capabilities, which will continue to play a part going forward.

On behalf of the board

DocuSigned by:

C682D7B259994A2.....

R W Shimota

Director

September 30, 2022
Date:

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their annual report and financial statements for the year ended 31 December 2021.

Principal activities

The principal activity of the company continued to be that of management and consulting of clinical research trials.

Results and dividends

The results for the year are set out on page 11.

The directors do not recommend payment of an ordinary dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

N K Gassen	(Resigned 1 August 2022)
R J Davie	(Resigned 16 December 2021)
D Agroskin	(Appointed 16 December 2021)
M A Goldberg	(Appointed 16 December 2021)
R W Shimota	(Appointed 16 December 2021)
P M Strothman	(Appointed 16 December 2021)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial instruments

Treasury activities take place under procedures and policies monitored by the directors. They are designed to minimise the financial risks faced by the company which primarily arise from interest rate, credit and liquidity risks. It is not the policy of the company to enter into speculative transactions.

The company's principal financial instruments comprise bank balances, trade creditors, trade debtors and balances with group companies. The purpose of these instruments is to raise funds for and finance the company's operations.

In respect of bank balances, liquidity risk has been managed through continual review of the funding status of the company and its exposure to liquidity risk. The company makes use of money market facilities where funds are available.

In respect of balance with group companies, they are interest free and payable on demand. The directors are aware of the company's required finance and have determined that these will only be repaid when finance is available.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due.

The company has no financial instruments to hedge foreign exchange exposure and does not enter into derivative transactions.

Future developments

The directors anticipate that the company will maintain or improve its level of performance for the foreseeable future through an increase in business wins which will work out as revenue in 2022 and beyond.

Auditor

In accordance with the company's articles, a resolution proposing that UHY Hacker Young be reappointed as auditor of the company will be put at a general meeting.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

Going concern

The financial statements of the company have been prepared on a going concern basis, which the directors believe to be appropriate. New Pharm-Olam Holdings LLC, the ultimate parent company, has confirmed its intention to support the company, as required, to ensure that the company can meet its obligations for a period of at least one year from the date of issuance of these financial statements.

During 2021 results have continued to be impacted by the global Covid-19 pandemic. Against this backdrop, revenue has increased, and the company has continued to see an increase in related new business wins, which will work out as revenue in 2022 and beyond.

After carrying out a comprehensive review and evaluation of the principal risks and uncertainties faced by the business, the directors believe that, with the ongoing support of the ultimate parent company, the company is well placed to manage its risks and cash flows effectively, and therefore that it is appropriate to continue to adopt the going concern basis in preparing the financial statements.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

On behalf of the board

DocuSigned by:
Richard Shimota
C682D7B258994A2.....

R W Shimota

Director

Date: September 30, 2022
.....

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PHARM-OLAM INTERNATIONAL (UK) LIMITED

Opinion

We have audited the financial statements of Pharm-Olam International (UK) Limited (the 'company') for the year ended 31 December 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PHARM-OLAM INTERNATIONAL (UK) LIMITED

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PHARM-OLAM INTERNATIONAL (UK) LIMITED

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the sector; and
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PHARM-OLAM INTERNATIONAL (UK) LIMITED

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

Audit procedures performed included: review of the financial statement disclosures to underlying supporting documentation and testing of journals and evaluating whether there was evidence of bias by the Directors that represented a risk of material misstatement due to fraud.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF PHARM-OLAM INTERNATIONAL (UK) LIMITED

Use of our report

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



Colin Wright (Senior Statutory Auditor)
For and on behalf of UHY Hacker Young

4 October 2022

Chartered Accountants
Statutory Auditor

PHARM-OLAM INTERNATIONAL (UK) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	2021 £	2020 £
Turnover	3	35,311,883	10,971,224
Cost of sales		(27,020,905)	(7,657,612)
Gross profit		8,290,978	3,313,612
Administrative expenses		(7,934,067)	(3,669,191)
Operating profit/(loss)	4	356,911	(355,579)
Interest receivable and similar income	7	-	723
Interest payable and similar expenses	8	(20)	(98)
Profit/(loss) before taxation		356,891	(354,954)
Tax on profit/(loss)	9	(32,753)	19,166
Profit/(loss) for the financial year		324,138	(335,788)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	£	£
Profit/(loss) for the year	324,138	(335,788)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>324,138</u>	<u>(335,788)</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2021

	Notes	2021 £	£	2020 £	£
Fixed assets					
Tangible assets	10	131,980		152,530	
Investments	11	493,468		493,468	
		<u>625,448</u>		<u>645,998</u>	
Current assets					
Debtors	13	9,322,713		8,796,607	
Cash at bank and in hand		4,313,186		483,042	
		<u>13,635,899</u>		<u>9,279,649</u>	
Creditors: amounts falling due within one year	14	(10,691,833)		(6,683,774)	
Net current assets		<u>2,944,066</u>		<u>2,595,875</u>	
Total assets less current liabilities		<u>3,569,514</u>		<u>3,241,873</u>	
Provisions for liabilities					
Deferred tax liability	15	3,503		-	
		<u>(3,503)</u>		<u>-</u>	
Net assets		<u>3,566,011</u>		<u>3,241,873</u>	
Capital and reserves					
Called up share capital	18	50,000		50,000	
Profit and loss reserves	19	3,516,011		3,191,873	
Total equity		<u>3,566,011</u>		<u>3,241,873</u>	

The financial statements were approved by the board of directors and authorised for issue on September 30, 2022 and are signed on its behalf by:

DocuSigned by:

Richard Shimota

C682D7B258884A2.....

R W Shimota
Director

Company Registration No. 03125708

PHARM-OLAM INTERNATIONAL (UK) LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
Balance at 1 January 2020	50,000	3,527,661	3,577,661
Year ended 31 December 2020:			
Loss and total comprehensive income for the year	-	(335,788)	(335,788)
Balance at 31 December 2020	50,000	3,191,873	3,241,873
Year ended 31 December 2021:			
Profit and total comprehensive income for the year	-	324,138	324,138
Balance at 31 December 2021	<u>50,000</u>	<u>3,516,011</u>	<u>3,566,011</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

Company information

Pharm-Olam International (UK) Limited is a private company limited by shares incorporated in England and Wales. The registered office is 1st Floor, One Station Square, Bracknell, Berkshire, RG12 1QB.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 ‘Statement of Financial Position’: Reconciliation of the opening and closing number of shares;
- Section 7 ‘Statement of Cash Flows’: Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 ‘Basic Financial Instruments’ and Section 12 ‘Other Financial Instrument Issues’: Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income; and
- Section 33 ‘Related Party Disclosures’: Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Pharm-Olam Group Limited. These consolidated financial statements are available from the registrar of companies.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

New Pharm-Olam Holdings LLC, the ultimate parent company, has confirmed its intention to support the company, as required, to ensure that the company can meet its obligations for a period of at least one year from the date of issuance of these financial statements.

During 2021 results have continued to be impacted by the global Covid-19 pandemic. Against this backdrop, revenue has increased, and the company has continued to see an increase in related new business wins which will work out as revenue in 2022 and beyond.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from contracts for the provision of services is recognised by reference to the stage of completion when the stage of completion, hours worked and hours to complete can be estimated reliably. The stage of completion is calculated by comparing hours worked as a proportion of total budgeted hours. The amount of revenue reflects the right of consideration with reference to the value of work performed. Revenue earned but not billed is included in debtors in accrued income, and amounts billed in excess of the value of work performed is included in creditors as deferred income. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that it is probable will be recovered.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	10 years straight line
Plant and machinery	3-5 years straight line
Fixtures & equipment	3-5 years straight line
Computer equipment	3-5 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.5 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

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

Valuation of investments

Investments held as fixed asset investments are stated at cost less any provision for impairment. The directors have assessed the recoverability of investments made and economic benefit of the investments based on the market conditions and economic forecasts.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Project completion and revenue recognition

The company's policy is to recognise revenue for projects as contract activities. For projects with multiple stages with separable identifiable revenue allocated to each stage, revenue for each stage is recognised during the completion of that stage on a percentage completion basis, which is an estimate.

Impairment of trade debtors

Trade debtors are reviewed for impairment loss on an annual basis and provisions made for any balances where there is uncertainty against the recoverability of the balance. This is applied on a customer by customer basis.

3 Turnover and other revenue

	2021	2020
	£	£
Turnover analysed by class of business		
Management and consulting of clinical research trials	35,311,883	10,971,224

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

3 Turnover and other revenue

(Continued)

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	2,690,668	2,044,173
Rest of Europe	2,646,602	3,408,353
Rest of the World	29,974,613	5,518,698
	<u>35,311,883</u>	<u>10,971,224</u>

4 Operating profit/(loss)

	2021	2020
	£	£
Operating profit/(loss) for the year is stated after charging:		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	115,921	234,692
Fees payable to the company's auditor for the audit of the company's financial statements	50,000	45,000
Depreciation of owned tangible fixed assets	45,785	63,637
Operating lease charges	<u>197,448</u>	<u>184,412</u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021	2020
	Number	Number
Clinical	48	53
Business development	3	3
Administration	14	16
Quality assurance	3	2
	<u>68</u>	<u>74</u>
Total	<u>68</u>	<u>74</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

5 Employees

(Continued)

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	7,329,165	3,446,593
Social security costs	955,580	374,925
Pension costs	234,824	226,433
	<u>8,519,569</u>	<u>4,047,951</u>

6 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	3,555,882	207,434
Company pension contributions to defined contribution schemes	31,125	18,669
	<u>3,587,007</u>	<u>226,103</u>

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	£	£
Remuneration for qualifying services	3,555,882	207,434
Company pension contributions to defined contribution schemes	31,125	18,669
	<u>3,587,007</u>	<u>226,103</u>

Five directors (2020 - three) received no remuneration in respect of services to the company, as their services to the company were incidental.

7 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	-	723
	<u>-</u>	<u>723</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Interest payable and similar expenses

	2021	2020
	£	£
Other interest	20	98
	<u> </u>	<u> </u>

9 Taxation

	2021	2020
	£	£
Current tax		
UK corporation tax on profits for the current period	37,465	(19,166)
	<u> </u>	<u> </u>
Deferred tax		
Origination and reversal of timing differences	(4,712)	-
	<u> </u>	<u> </u>
 Total tax charge/(credit)	 32,753	 (19,166)
	<u> </u>	<u> </u>

The actual charge/(credit) for the year can be reconciled to the expected charge/(credit) for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit/(loss) before taxation	356,891	(354,954)
	<u> </u>	<u> </u>
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	67,809	(67,441)
Tax effect of expenses that are not deductible in determining taxable profit	1,144	2,083
Unutilised tax losses carried forward	-	17,405
Depreciation on assets not qualifying for tax allowances	-	2,751
Effect of overseas tax rates	-	(788)
Fixed asset timing differences	327	-
Deferred tax adjustments	(36,527)	-
Other tax adjustments	-	22,676
Foreign tax expense	-	4,148
	<u> </u>	<u> </u>
Taxation charge/(credit) for the year	32,753	(19,166)
	<u> </u>	<u> </u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

10 Tangible fixed assets

	Leasehold improvements	Office furniture	Fixtures & equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 January 2021	167,189	67,982	441,872	1,284,497	1,961,540
Additions	-	1,202	-	24,033	25,235
At 31 December 2021	167,189	69,184	441,872	1,308,530	1,986,775
Depreciation and impairment					
At 1 January 2021	58,516	67,982	440,378	1,242,134	1,809,010
Depreciation charged in the year	16,719	7	390	28,669	45,785
At 31 December 2021	75,235	67,989	440,768	1,270,803	1,854,795
Carrying amount					
At 31 December 2021	91,954	1,195	1,104	37,727	131,980
At 31 December 2020	108,673	-	1,494	42,363	152,530

11 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	12	341,348	341,348
Loans to subsidiaries	12	152,120	152,120
		493,468	493,468

12 Subsidiaries

Details of the company's subsidiaries at 31 December 2021 are as follows:

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

12 Subsidiaries

(Continued)

Name of undertaking	Registered office	Class of shares held	% Held Direct
Pharm-Olam International (Belgium) Pvt Limited	Dorp 14 a, Testelt, 3272, Belgium	Ordinary	99.00
Pharm-Olam International Deutschland GmbH	Ingolstädter Str. 20, 80807 München, Germany	Ordinary	100.00
Pharm-Olam International (Italy) S.R.L.	Piazza Buonarroti 32, 20145 Milano, Italy	Ordinary	100.00
Pharm-Olam International (France) SAS	20 rue Lafitte, 75009, Paris, France	Ordinary	100.00
Pharm-Olam International (Spain) S.L.	Calle Antracita, 7, Floor 1 - Unit 6, Madrid, 28045, Spain	Ordinary	100.00
Pharm-Olam International (Polska) Sp.z.o.o	Al. Jerozolimskie 181, 02-222 Warszawa, Polska	Ordinary	100.00
Pharm-Olam International d.o.o	Djordja, Stanojevica 14, 11000 Belgrade, Serbia	Ordinary	100.00
Pharm-Olam International s.r.o.	Doudlebská 1699/5, 140 00 Prague 4, Czech Republic	Ordinary	100.00
Pharm-Olam International (India) Pvt Limited	No. 15, KMJ Arcadia, I Floor, Industrial Main Road, Koramangala, 5th Block, Bangalore - 560 095, Ind	Ordinary	100.00
Pharm-Olam (Turkey)	Buyukdere Cad. Ali Kaya Sok. Polat Plaza B Blok No:4 K:13, Levent Istanbul, Turkey 34394	Ordinary	100.00
Pharm-Olam (Hungary) Medical Research LLC	H-1031 Budapest, Kalászi út 11, Hungary	Ordinary	100.00
Pharm-Olam International d.o.o	Adnicka cesta39, 10000 Zagreb, Croatia	Ordinary	100.00
Pharm-Olam International (Israel) Limited	122 Moria Boulevard, Zip Code 3461813 Haifa Israel, P.O.Box 7511, Zip Code 3107401	Ordinary	100.00
Pharm-Olam (Bulgaria) EOOD	55 Parchevich Str. 1000 Sofia, Bulgaria	Ordinary	100.00

All of the subsidiaries above carry out the management and consulting of clinical research trials except Pharm-Olam (Bulgaria) EOOD, which is dormant.

The company, together with its subsidiaries above, are included in the consolidated financial statements of Pharm-Olam Group Limited. Pharm-Olam International (Israel) Limited and Pharm-Olam (Bulgaria) EOOD are not included in the consolidated group results as these entities are immaterial for group purposes.

13 Debtors

	2021	2020
Amounts falling due within one year:	£	£
Trade debtors	803,622	762,042
Corporation tax recoverable	-	14,056
Amounts owed by group undertakings	5,109,180	5,624,776
Other debtors	1,039,838	-
Prepayments	235,313	169,109
Accrued income	2,134,760	2,226,624
	<u>9,322,713</u>	<u>8,796,607</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

14 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Trade creditors		1,178,213	366,624
Amounts owed to group undertakings		2,321,374	2,550,632
Corporation tax		19,414	7,566
Other taxation and social security		2,231,368	119,721
Deferred income	16	1,377,021	670,955
Other creditors		1,318,691	1,638,505
Accruals		2,245,752	1,329,771
		<u>10,691,833</u>	<u>6,683,774</u>

15 Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the company and movements thereon:

	Liabilities 2021 £	Liabilities 2020 £
Balances:		
Accelerated capital allowances	17,015	-
Tax losses	(13,512)	-
	<u>3,503</u>	<u>-</u>
Movements in the year:		2021 £
Liability at 1 January 2021		-
Charge to profit or loss		3,503
		<u>3,503</u>
Liability at 31 December 2021		<u>3,503</u>

The deferred tax liability set out above is expected to reverse within 12 months and relates to accelerated capital allowances that are expected to mature within the same period.

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

16 Deferred income

	2021	2020
	£	£
Other deferred income	1,377,021	670,955
	<u>1,377,021</u>	<u>670,955</u>

17 Retirement benefit schemes

	2021	2020
	£	£
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	234,824	226,433
	<u>234,824</u>	<u>226,433</u>

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18 Share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of £1 each	50,000	50,000	50,000	50,000
	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>

19 Profit and loss reserves

Profit and loss reserves represent cumulative profits, losses and other recognised gains and losses made by the company, including distributions.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2021	2020
	£	£
Within one year	160,679	185,504
Between two and five years	67,129	67,129
	<u>227,808</u>	<u>252,633</u>

PHARM-OLAM INTERNATIONAL (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2021

21 Related party transactions

The company has taken advantage of the exemption available in FRS 102 "Related party disclosures" whereby it has not disclosed transactions with the immediate parent company or any subsidiary undertakings in the group.

Included in debtors is an amount due from a former director of £182,395 (2020: £nil).

22 Ultimate controlling party

Pharm-Olam International (UK) Limited is a wholly owned subsidiary of Pharm-Olam Group Limited, a company registered in England and Wales and the smallest group in which results of the company are consolidated. The registered office of Pharm-Olam Group Limited is One Station Square 1st Floor, Station Square, Bracknell, Berkshire, RG12 1QB. The consolidated financial statements of the immediate parent company can be obtained from the registrar of companies.

Pharm-Olam Group Limited is wholly owned by New Pharm-Olam Holdings LLC. Therefore, the company's ultimate controlling party is New Pharm-Olam Holdings LLC.