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**BR PHARMA INTERNATIONAL LIMITED**

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**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2017**



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**BR PHARMA INTERNATIONAL LIMITED**

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**COMPANY INFORMATION**

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|-----------------------------|-----------------------------------------------------------------------------------------------------------|
| <b>Directors</b>            | J Rabin<br>S A Glanvill<br>C White (appointed 22 August 2016)                                             |
| <b>Company secretary</b>    | F Rabin                                                                                                   |
| <b>Registered number</b>    | 03591021                                                                                                  |
| <b>Registered office</b>    | Haslers<br>Old Station Road<br>Loughton<br>Essex<br>IG10 4PL                                              |
| <b>Independent auditors</b> | Haslers<br>Chartered Accountants & Statutory Auditor<br>Old Station Road<br>Loughton<br>Essex<br>IG10 4PL |

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**BR PHARMA INTERNATIONAL LIMITED**

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## **BR PHARMA INTERNATIONAL LIMITED**

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### **STRATEGIC REPORT FOR THE YEAR ENDED 30 JUNE 2017**

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#### **Introduction**

The principal activity of the company continued to be that of the wholesale of pharmaceutical products.

#### **Business review**

The results for the year and the financial position at the year-end were considered satisfactory by the directors.

#### **Principal risks and uncertainties**

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign currency exchange rates, credit risks, liquidity risk and interest rate risk. The company has in place a risk management programme that seeks to limit the adverse effect on the financial performance of the company by monitoring levels of debt finance and the related finance costs. The company does not use derivative financial instruments to manage interest rate costs, and as such no hedge accounting is applied. Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The company's finance department implements the policies set by the board of directors. The department have guidelines, agreed by the directors, to manage interest rate risk, credit risk and circumstances where it would be appropriate to use financial instruments to manage these. Detail on these is included in the Directors Report.

#### **Financial key performance indicators**

The directors consider the key financial performance indicators for this company to be turnover, gross margin and profit before tax. Turnover increased by £4m this year, and overall gross margin has also improved as a result of expansion of the product base.

This report was approved by the board on 16 March 2018 and signed on its behalf.

  
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**C White**  
Director

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**BR PHARMA INTERNATIONAL LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 30 JUNE 2017**

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The directors present their report and the financial statements for the year ended 30 June 2017.

**Results and dividends**

The profit for the year, after taxation, amounted to £992,447 (2016 - £1,117,773).

No interim dividends were paid in the year and the directors recommend that no final dividend be declared for the year (2016 - nil).

**Directors**

The directors who served during the year were:

J Rabin  
S A Glanvill  
C White (appointed 22 August 2016)

**Future developments**

During the year the company commenced trading with Teleta Pharma Limited. It is anticipated that trade with the company will increase over the coming year.

**Disclosure of information to auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

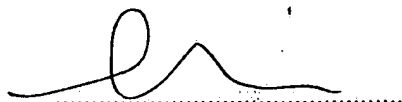
**Post balance sheet events**

There have been no significant events affecting the Company since the year end.

**Auditors**

The auditors, Haslers, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 16 March 2018 and signed on its behalf.



C White  
Director

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**BR PHARMA INTERNATIONAL LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2017**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

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## BR PHARMA INTERNATIONAL LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BR PHARMA INTERNATIONAL LIMITED

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#### Opinion

We have audited the financial statements of BR Pharma International Limited for the year ended 30 June 2017, set out on pages 7 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 Auditors' 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.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2017 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 Auditors' 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 United Kingdom, including the Financial Reporting Council'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

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

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

#### Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the information and, except to the extent otherwise explicitly stated in our

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## BR PHARMA INTERNATIONAL LIMITED

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### INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BR PHARMA INTERNATIONAL LIMITED (CONTINUED)

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report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the 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 in relation to which 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.

#### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement on page 3, 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.

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**BR PHARMA INTERNATIONAL LIMITED**

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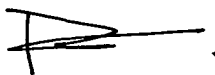
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF BR PHARMA INTERNATIONAL LIMITED (CONTINUED)**

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). The description forms part of our Auditors' Report.



Charalambos Patsalides (Senior Statutory Auditor)

for and on behalf of

**Haslers**

Chartered Accountants  
Statutory Auditor

Old Station Road  
Loughton  
Essex  
IG10 4PL

16 March 2018

**BR PHARMA INTERNATIONAL LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2017**

|                                        | Note | 2017<br>£        | 2016<br>£        |
|----------------------------------------|------|------------------|------------------|
| Turnover                               | 4    | 24,563,926       | 20,511,157       |
| Cost of sales                          |      | (22,726,377)     | (18,612,767)     |
| <b>Gross profit</b>                    |      | <b>1,837,549</b> | <b>1,898,390</b> |
| Administrative expenses                |      | (602,353)        | (548,314)        |
| <b>Operating profit</b>                | 5    | <b>1,235,196</b> | <b>1,350,076</b> |
| Interest receivable and similar income | 9    | 9,818            | 22,901           |
| Interest payable and expenses          | 10   | (114)            | (169)            |
| <b>Profit before tax</b>               |      | <b>1,244,900</b> | <b>1,372,808</b> |
| Tax on profit                          | 11   | (252,453)        | (255,035)        |
| <b>Profit for the financial year</b>   |      | <b>992,447</b>   | <b>1,117,773</b> |

There were no recognised gains and losses for 2017 or 2016 other than those included in the statement of comprehensive income.

There was no other comprehensive income for 2017 (2016:£NIL).

The notes on pages 11 to 22 form part of these financial statements.

**BR PHARMA INTERNATIONAL LIMITED**  
**REGISTERED NUMBER: 03591021**

**BALANCE SHEET**  
**AS AT 30 JUNE 2017**

|                                                | Note | 2017<br>£                | 2016<br>£                |
|------------------------------------------------|------|--------------------------|--------------------------|
| <b>Fixed assets</b>                            |      |                          |                          |
| Tangible assets                                | 12   | 158,418                  | 108,006                  |
|                                                |      | <u>158,418</u>           | <u>108,006</u>           |
| <b>Current assets</b>                          |      |                          |                          |
| Stocks                                         | 13   | 1,974,192                | 3,638,879                |
| Debtors: amounts falling due within one year   | 14   | 4,722,347                | 4,671,523                |
| Cash at bank and in hand                       | 15   | 7,270,289                | 5,560,220                |
|                                                |      | <u>13,966,828</u>        | <u>13,870,622</u>        |
| Creditors: amounts falling due within one year | 16   | (3,092,423)              | (3,954,514)              |
| <b>Net current assets</b>                      |      | <u>10,874,405</u>        | <u>9,916,108</u>         |
| <b>Total assets less current liabilities</b>   |      | <u>11,032,823</u>        | <u>10,024,114</u>        |
| <b>Provisions for liabilities</b>              |      |                          |                          |
| Deferred tax                                   | 18   | (28,150)                 | (11,888)                 |
|                                                |      | <u>(28,150)</u>          | <u>(11,888)</u>          |
| <b>Net assets</b>                              |      | <u><u>11,004,673</u></u> | <u><u>10,012,226</u></u> |
| <b>Capital and reserves</b>                    |      |                          |                          |
| Called up share capital                        | 19   | 5,653                    | 5,653                    |
| Profit and loss account                        | 20   | 10,999,020               | 10,006,573               |
|                                                |      | <u><u>11,004,673</u></u> | <u><u>10,012,226</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 16 March 2018.

  
 .....  
**C White**  
 Director

The notes on pages 11 to 22 form part of these financial statements.

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**BR PHARMA INTERNATIONAL LIMITED**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2017**

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|                        | <b>Called up<br/>share capital</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|------------------------|------------------------------------|------------------------------------|---------------------|
|                        | <b>£</b>                           | <b>£</b>                           | <b>£</b>            |
| At 1 July 2016         | 5,653                              | 10,006,573                         | 10,012,226          |
| Profit for the year    | -                                  | 992,447                            | 992,447             |
| <b>At 30 June 2017</b> | <b>5,653</b>                       | <b>10,999,020</b>                  | <b>11,004,673</b>   |

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**

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|                        | <b>Called up<br/>share capital</b> | <b>Profit and<br/>loss account</b> | <b>Total equity</b> |
|------------------------|------------------------------------|------------------------------------|---------------------|
|                        | <b>£</b>                           | <b>£</b>                           | <b>£</b>            |
| At 1 July 2015         | 5,653                              | 8,888,800                          | 8,894,453           |
| Profit for the year    | -                                  | 1,117,773                          | 1,117,773           |
| <b>At 30 June 2016</b> | <b>5,653</b>                       | <b>10,006,573</b>                  | <b>10,012,226</b>   |

The notes on pages 11 to 22 form part of these financial statements.

**BR PHARMA INTERNATIONAL LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2017**

|                                                               | 2017<br>£        | 2016<br>£          |
|---------------------------------------------------------------|------------------|--------------------|
| <b>Cash flows from operating activities</b>                   |                  |                    |
| Profit for the financial year                                 | 992,447          | 1,117,773          |
| <b>Adjustments for:</b>                                       |                  |                    |
| Depreciation of tangible assets                               | 29,849           | 16,324             |
| Interest paid                                                 | 114              | 169                |
| Interest received                                             | (9,818)          | (22,901)           |
| Taxation charge                                               | 252,453          | 255,035            |
| Decrease/(increase) in stocks                                 | 1,664,687        | (2,399,466)        |
| (Increase) in debtors                                         | (50,824)         | (2,621,028)        |
| (Decrease)/increase in creditors                              | (855,746)        | 2,669,056          |
| Corporation tax (paid)                                        | (242,536)        | (101,246)          |
| <b>Net cash generated from operating activities</b>           | <b>1,780,626</b> | <b>(1,086,284)</b> |
| <b>Cash flows from investing activities</b>                   |                  |                    |
| Purchase of tangible fixed assets                             | (80,261)         | (49,680)           |
| Interest received                                             | 9,818            | 22,901             |
| <b>Net cash from investing activities</b>                     | <b>(70,443)</b>  | <b>(26,779)</b>    |
| <b>Cash flows from financing activities</b>                   |                  |                    |
| Interest paid                                                 | (114)            | (169)              |
| <b>Net cash used in financing activities</b>                  | <b>(114)</b>     | <b>(169)</b>       |
| <b>Net increase/(decrease) in cash and cash equivalents</b>   | <b>1,710,069</b> | <b>(1,113,232)</b> |
| Cash and cash equivalents at beginning of year                | 5,560,220        | 6,673,452          |
| <b>Cash and cash equivalents at the end of year</b>           | <b>7,270,289</b> | <b>5,560,220</b>   |
| <b>Cash and cash equivalents at the end of year comprise:</b> |                  |                    |
| Cash at bank and in hand                                      | 7,270,289        | 5,560,220          |
|                                                               | <b>7,270,289</b> | <b>5,560,220</b>   |

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## BR PHARMA INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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#### 1. General information

BR Pharma International Limited is a UK Corporate, unlisted entity. The principal place of business is Manor Way, Hertfordshire, WD6 1EU. The company supplies licenced pharmaceuticals to hospitals and pharmacies.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

##### 2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Revenue is recognised when goods are dispatched.

##### 2.3 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, on a reducing balance basis.

Depreciation is provided on the following basis:

|                                  |                              |
|----------------------------------|------------------------------|
| Plant and machinery              | - 15% reducing balance       |
| Fixtures, fittings and equipment | - 15% - 33% reducing balance |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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## BR PHARMA INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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#### 2. Accounting policies (continued)

##### 2.4 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### 2.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### 2.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

##### 2.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

##### 2.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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## BR PHARMA INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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## 2. Accounting policies (continued)

### 2.9 Foreign currency translation

#### Functional and presentation currency

The Company's functional and presentational currency is GBP.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

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 Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

### 2.10 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

### 2.11 Pensions

#### Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

### 2.12 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

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## BR PHARMA INTERNATIONAL LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

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#### 2. Accounting policies (continued)

##### 2.13 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

In applying the Company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgements, estimates and assumptions, the actual results and outcomes may differ.

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.

The directors do not believe that there have been judgements made in the process of applying the above accounting policies that have had a significant effect on amounts recognised in the financial statements. Furthermore, the directors consider that there are no areas of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**4. Turnover**

|                | 2017<br>£         | 2016<br>£         |
|----------------|-------------------|-------------------|
| United Kingdom | 15,175,195        | 8,916,224         |
| Other EU       | 9,388,731         | 11,594,933        |
|                | <u>24,563,926</u> | <u>20,511,157</u> |

**5. Operating profit**

The operating profit is stated after charging:

|                                                                                                                     | 2017<br>£         | 2016<br>£         |
|---------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|
| Depreciation of tangible fixed assets                                                                               | 29,849            | 16,324            |
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | 12,500            | 16,700            |
| Exchange differences                                                                                                | (202,358)         | (36,164)          |
| Defined contribution pension cost                                                                                   | 8,985             | 442               |
|                                                                                                                     | <u>          </u> | <u>          </u> |

**6. Auditors' remuneration**

|                                                                                                                     | 2017<br>£     | 2016<br>£     |
|---------------------------------------------------------------------------------------------------------------------|---------------|---------------|
| Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements | <u>12,500</u> | <u>16,700</u> |

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**7. Employees**

Staff costs, including directors' remuneration, were as follows:

|                                     | 2017<br>£      | 2016<br>£      |
|-------------------------------------|----------------|----------------|
| Wages and salaries                  | 825,475        | 584,585        |
| Social security costs               | 73,347         | 44,173         |
| Cost of defined contribution scheme | 8,985          | 442            |
|                                     | <u>907,807</u> | <u>629,200</u> |

The average monthly number of employees, including the directors, during the year was as follows:

|                | 2017<br>No. | 2016<br>No. |
|----------------|-------------|-------------|
| Administration | 9           | 9           |
| Production     | 26          | 22          |
|                | <u>35</u>   | <u>31</u>   |

**8. Directors' remuneration**

|                       | 2017<br>£      | 2016<br>£     |
|-----------------------|----------------|---------------|
| Directors' emoluments | 124,240        | 53,546        |
|                       | <u>124,240</u> | <u>53,546</u> |

**9. Interest receivable**

|                           | 2017<br>£    | 2016<br>£     |
|---------------------------|--------------|---------------|
| Other interest receivable | 9,818        | 22,901        |
|                           | <u>9,818</u> | <u>22,901</u> |

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**10. Interest payable and similar charges**

|                        | <b>2017</b> | <b>2016</b> |
|------------------------|-------------|-------------|
|                        | <b>£</b>    | <b>£</b>    |
| Other interest payable | <b>114</b>  | <b>169</b>  |
|                        | <b>114</b>  | <b>169</b>  |

**11. Taxation**

|                                                  | <b>2017</b>    | <b>2016</b>     |
|--------------------------------------------------|----------------|-----------------|
|                                                  | <b>£</b>       | <b>£</b>        |
| <b>Corporation tax</b>                           |                |                 |
| Current tax on profits for the year              | <b>236,092</b> | <b>267,789</b>  |
| Adjustments in respect of previous periods       | <b>99</b>      | <b>(12,754)</b> |
|                                                  | <b>236,191</b> | <b>255,035</b>  |
| <b>Total current tax</b>                         | <b>236,191</b> | <b>255,035</b>  |
| <b>Deferred tax</b>                              |                |                 |
| Origination and reversal of timing differences   | <b>16,262</b>  | <b>-</b>        |
| <b>Total deferred tax</b>                        | <b>16,262</b>  | <b>-</b>        |
| <b>Taxation on profit on ordinary activities</b> | <b>252,453</b> | <b>255,035</b>  |

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**11. Taxation (continued)****Factors affecting tax charge for the year**

The tax assessed for the year is lower than *(2016 - higher than)* the standard rate of corporation tax in the UK of 20% *(2016 - 20%)*. The differences are explained below:

|                                                                                                            | 2017<br>£             | 2016<br>£             |
|------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|
| Profit on ordinary activities before tax                                                                   | <u>1,244,900</u>      | <u>1,372,808</u>      |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%) | 248,980               | 274,562               |
| <b>Effects of:</b>                                                                                         |                       |                       |
| Expenses not deductible for tax purposes, other than goodwill amortisation and impairment                  | 623                   | 446                   |
| Capital allowances for year in excess of depreciation                                                      | (10,531)              | (7,219)               |
| Adjustments to tax charge in respect of prior periods                                                      | 99                    | (12,754)              |
| Other differences leading to an increase (decrease) in the tax charge                                      | (2,980)               | -                     |
| Deferred tax                                                                                               | 16,262                | -                     |
| <b>Total tax charge for the year</b>                                                                       | <u><u>252,453</u></u> | <u><u>255,035</u></u> |

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

**BR PHARMA INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**12. Tangible fixed assets**

|                                     | Plant and<br>machinery<br>£ | Fixtures and<br>fittings<br>£ | Total<br>£     |
|-------------------------------------|-----------------------------|-------------------------------|----------------|
| <b>Cost or valuation</b>            |                             |                               |                |
| At 1 July 2016                      | 32,926                      | 414,419                       | 447,345        |
| Additions                           | -                           | 80,260                        | 80,260         |
| At 30 June 2017                     | <u>32,926</u>               | <u>494,679</u>                | <u>527,605</u> |
| <b>Depreciation</b>                 |                             |                               |                |
| At 1 July 2016                      | 25,375                      | 313,963                       | 339,338        |
| Charge for the year on owned assets | 1,133                       | 28,716                        | 29,849         |
| At 30 June 2017                     | <u>26,508</u>               | <u>342,679</u>                | <u>369,187</u> |
| <b>Net book value</b>               |                             |                               |                |
| At 30 June 2017                     | <u>6,418</u>                | <u>152,000</u>                | <u>158,418</u> |
| At 30 June 2016                     | <u>7,551</u>                | <u>100,456</u>                | <u>108,007</u> |

**13. Stocks**

|                                     | 2017<br>£        | 2016<br>£        |
|-------------------------------------|------------------|------------------|
| Finished goods and goods for resale | 1,974,192        | 3,638,879        |
|                                     | <u>1,974,192</u> | <u>3,638,879</u> |

**14. Debtors**

|                                | 2017<br>£        | 2016<br>£        |
|--------------------------------|------------------|------------------|
| Trade debtors                  | 4,657,310        | 4,590,671        |
| Other debtors                  | 249              | 9,019            |
| Prepayments and accrued income | 64,788           | 71,833           |
|                                | <u>4,722,347</u> | <u>4,671,523</u> |

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**15. Cash and cash equivalents**

|                          | <b>2017</b>             | <b>2016</b>             |
|--------------------------|-------------------------|-------------------------|
|                          | <b>£</b>                | <b>£</b>                |
| Cash at bank and in hand | <b>7,270,289</b>        | <b>5,560,220</b>        |
|                          | <b><u>7,270,289</u></b> | <b><u>5,560,220</u></b> |

**16. Creditors: Amounts falling due within one year**

|                                    | <b>2017</b>             | <b>2016</b>             |
|------------------------------------|-------------------------|-------------------------|
|                                    | <b>£</b>                | <b>£</b>                |
| Trade creditors                    | <b>1,418,593</b>        | <b>1,603,704</b>        |
| Corporation tax                    | <b>236,092</b>          | <b>242,437</b>          |
| Other taxation and social security | <b>386,513</b>          | <b>153,436</b>          |
| Other creditors                    | <b>858,745</b>          | <b>1,859,959</b>        |
| Accruals and deferred income       | <b>192,480</b>          | <b>94,978</b>           |
|                                    | <b><u>3,092,423</u></b> | <b><u>3,954,514</u></b> |

**BR PHARMA INTERNATIONAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

**17. Financial instruments**

|                                                                       | 2017<br>£          | 2016<br>£          |
|-----------------------------------------------------------------------|--------------------|--------------------|
| <b>Financial assets</b>                                               |                    |                    |
| Financial assets measured at fair value through profit or loss        | 7,270,289          | 5,560,220          |
| Financial assets that are debt instruments measured at amortised cost | 4,657,560          | 4,599,690          |
|                                                                       | <u>11,927,849</u>  | <u>10,159,910</u>  |
| <b>Financial liabilities</b>                                          |                    |                    |
| Financial liabilities measured at amortised cost                      | (2,469,407)        | (3,558,504)        |
|                                                                       | <u>(2,469,407)</u> | <u>(3,558,504)</u> |

Financial assets measured at fair value through profit or loss are cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, other creditors, accruals and deferred income.

**18. Deferred taxation**

|                           | 2017<br>£     |
|---------------------------|---------------|
| At beginning of year      | 11,888        |
| Charged to profit or loss | 16,262        |
| <b>At end of year</b>     | <u>28,150</u> |

The provision for deferred taxation is made up as follows:

|                                | 2017<br>£     |
|--------------------------------|---------------|
| Accelerated capital allowances | 28,150        |
|                                | <u>28,150</u> |

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**BR PHARMA INTERNATIONAL LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2017**

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**19. Share capital**

|                                                            | 2017<br>£         | 2016<br>£         |
|------------------------------------------------------------|-------------------|-------------------|
| <b>Shares classified as equity</b>                         |                   |                   |
| <b>Allotted, called up and fully paid</b>                  |                   |                   |
| 2,827 (2016 - 2,827) Ordinary shares of £0.01 each         | 28                | 28                |
| 4,375 (2016 - 4,375) 'B' Ordinary shares of £0.001 each    | 4                 | 4                 |
| 2,363 (2016 - 2,363) 'C' Ordinary shares of £0.001 each    | 2                 | 2                 |
| 561,889 (2016 - 561,889) 'D' Ordinary shares of £0.01 each | 5,619             | 5,619             |
|                                                            | <hr/> 5,653 <hr/> | <hr/> 5,653 <hr/> |

**20. Reserves****Profit and loss account**

The profit and loss account represents cumulative profits and losses net of dividends and other adjustments.

**21. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £8,985 (2016 - £442). No contributions were payable to the fund at the balance sheet date.

**22. Related party transactions**

The total remuneration paid to key management personnel across the group is £129,240 (2016: £50,000)

During the year transactions with the following related parties occurred:

Entities over which the entity has significant influence:

Sales were made to these entities amounting to £1,778,122 (2016: £12,076,706) and purchases from them amounted to £3,906,518 (2016: £3,903,518).

At the year end £29,430 was due to entities over which the entity has significant control. (2016: £1,076,966) was due from such entities.

Key management and their close family:

At the year end £214,84 (2016: £1,398,691) was due to key management and their close family.

**23. Controlling party**

The ultimate controlling party is J Rabin by virtue of his shareholding and directorship.