

Company Registration No. 08242591 (England and Wales)

OXFORD PHARMAGENESIS HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2017



OXFORD PHARMAGENESIS HOLDINGS LIMITED

COMPANY INFORMATION

Directors	G A Shelton C C Winchester J Costigan A Sheridan R White A Hillman
Company number	08242591
Registered office	Tubney Warren Barn Tubney Abingdon Oxfordshire OX13 5QJ
Auditor	Shaw Gibbs Limited 264 Banbury Road Oxford OX2 7DY

OXFORD PHARMAGENESIS HOLDINGS LIMITED

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OXFORD PHARMAGENESIS HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 OCTOBER 2017

The directors present the strategic report and financial statements for the year ended 31 October 2017.

Review of business

Founded in 1998, Oxford PharmaGenesis is proud to be an independently owned consultancy in a sector increasingly populated by corporate communications conglomerates. The group's principal activity is the provision of HealthScience communications services primarily to the global pharmaceutical industry.

Oxford PharmaGenesis has a diverse client base. In addition to being a preferred supplier to 8 of the top 10 global pharmaceutical companies, the company also serves small and mid-size pharmaceutical and biotechnology companies, device and diagnostic companies, nutrition companies, professional societies, patient groups and academic institutions.

The group had another excellent year, achieving annual revenue growth of 42% in the year ended 31 October 2017. This organic growth came through a combination of new clients and repeat business from existing customers. The group has maintained strong profitability and cash generation, enabling it to further strengthen cash and liquidity.

Principal risks and uncertainties

The continuing success of the group depends on retaining excellent people and maintaining strong client relationships.

The biggest risk to the group is losing a major client, for example, as a result of sector merger and acquisition activity, or a client rationalizing its supplier base. These events can also present opportunities for additional business. We have a strong heritage of maintaining lasting client relationships. We serve a diverse client base and are also diversified within our clients' organizations, with our several specialist practices enabling us to provide services to a wide range of our clients' departments and functions.

We place great emphasis on recruiting, training and retaining excellent people. In addition to our offices in Oxford, London, Cardiff, Philadelphia and Basel, we have opened a new office in Melbourne in 2018. Our growth has enabled us to offer our people excellent opportunities for rewarding work and career progression, contributing to our strong staff retention rate. Our global headcount increased by 31% during the year.

The implications of the future exit of the United Kingdom from the European Union (EU) are not yet clear. Oxford PharmaGenesis is well placed to make the most of the opportunities and manage the risks, as it has offices in the two largest markets, Switzerland and the USA. The USA has continued to grow and contributes 23% of group revenues. Domestic sales also grew strongly during 2017.

Outlook

The outlook for Oxford PharmaGenesis remains extremely positive. The group has continued to grow in 2017/18 and celebrated its 20th birthday in January 2018. We plan to support continued growth in accordance with client and business need. We will continue to value the excellent work delivered by our people and the special client relationships we have built and look forward to a positive year ahead.

Development and performance

We plan to support continued growth by opening additional offices in the UK and elsewhere in accordance with client and business need. We also intend to continue to strengthen our balance sheet in line with business need.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

Financial Risk Management Objectives and Policies

The Board regularly reviews the financial requirements of the company and the associated risks. We hold currency reserves in multiple currencies. Details of the group's financial risk management objectives and policies are included in note 20 to the accounts.

On behalf of the board



C C Winchester
Director

24 April 2018

OXFORD PHARMAGENESIS HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2017

The directors present their annual report and financial statements for the year ended 31 October 2017.

Directors

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

G A Shelton	
C C Winchester	
J Costigan	
N T Hayes	(Resigned 30 November 2017)
A Sheridan	
C J Thomas	(Resigned 31 January 2018)
R White	
A Hillman	

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £29,500.

Donations

During the year the group made the following payments:

	2017	2016
	£	£
Charitable donations	9,429	9,896
	<u> </u>	<u> </u>

Auditor

Shaw Gibbs Limited are deemed to be re-appointed under section 487 (2) of the Companies Act 2006.

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 group and company, and of the profit or loss of the group 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

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 auditor of the company 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 auditor of the company is aware of that information.

On behalf of the board



C C Winchester

Director

24 April 2018

OXFORD PHARMAGENESIS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF OXFORD PHARMAGENESIS HOLDINGS LIMITED

Opinion

We have audited the financial statements of Oxford PharmaGenesis Holdings Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 October 2017 which comprise the Group Statement of Comprehensive Income, the Group Statement Of Financial Position, the Company Statement Of Financial Position, the Group Statement of Changes in Equity, the Company Statement of Changes in Equity, the Group Statement of Cash Flows and notes to the financial statements, including a summary of 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).

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.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 October 2017 and of its loss 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

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 group's or the parent 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.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OXFORD PHARMAGENESIS HOLDINGS 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. 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.

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.

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 group and the parent 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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, 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF OXFORD PHARMAGENESIS HOLDINGS LIMITED

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.



Stephen Howard Neal (Senior Statutory Auditor)
for and on behalf of Shaw Gibbs Limited

24 April 2018

Chartered Certified Accountants
Statutory Auditor

264 Banbury Road
Oxford
OX2 7DY

OXFORD PHARMAGENESIS HOLDINGS LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2017

	Notes	2017 £	2016 £
Revenue	3	25,048,908	17,640,137
Cost of sales		(12,778,986)	(9,075,314)
Gross profit		12,269,922	8,564,823
Administrative expenses		(6,708,748)	(4,579,141)
Operating profit	4	5,561,174	3,985,682
Investment income	8	6,826	10,735
Finance costs	9	6,852	(10,471)
Profit before taxation		5,574,852	3,985,946
Tax on profit	10	(1,429,294)	(1,025,418)
Profit for the financial year		4,145,558	2,960,528
Other comprehensive income			
Currency translation differences		(100,708)	150,917
Total comprehensive income for the year		4,044,850	3,111,445

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

GROUP STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Goodwill	12	803,807		1,286,091	
Property, plant and equipment	13	2,062,070		1,685,537	
		<u>2,865,877</u>		<u>2,971,628</u>	
Current assets					
Trade and other receivables	16	7,761,198	5,909,198		
Cash and cash equivalents		7,100,412	5,388,254		
		<u>14,861,610</u>	<u>11,297,452</u>		
Current liabilities	17	(5,797,696)	(5,602,232)		
Net current assets		<u>9,063,914</u>		<u>5,695,220</u>	
Total assets less current liabilities		<u>11,929,791</u>		<u>8,666,848</u>	
Non-current liabilities	18	-		(959,140)	
Net assets		<u><u>11,929,791</u></u>		<u><u>7,707,708</u></u>	
Equity					
Called up share capital	23	61,700	61,700		
Other reserves		206,733	-		
Retained earnings		11,661,358	7,646,008		
Total equity		<u><u>11,929,791</u></u>	<u><u>7,707,708</u></u>		

The financial statements were approved by the board of directors and authorised for issue on 24 April 2018 and are signed on its behalf by:


 C C Winchester
 Director

OXFORD PHARMAGENESIS HOLDINGS LIMITED

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2017

	Notes	2017 £	£	2016 £	£
Fixed assets					
Investments	14	6,471,552		6,471,552	
Current assets					
Cash at bank and in hand		29,408		28,908	
Current liabilities	17	(147,535)		(192,705)	
Net current liabilities			(118,127)		(163,797)
Total assets less current liabilities		6,353,425		6,307,755	
Non-current liabilities	18	(1,844,585)		(5,506,118)	
Net assets		4,508,840		801,637	
Equity					
Called up share capital	23	61,700		61,700	
Other reserves		206,733		-	
Retained earnings		4,240,407		739,937	
Total equity		4,508,840		801,637	

The financial statements were approved by the board of directors and authorised for issue on 24 April 2018 and are signed on its behalf by:


C.C. Winchester
Director

Company Registration No. 08242591

OXFORD PHARMAGENESIS HOLDINGS LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2017

	Notes	Share capital £	Other reserves £	Retained earnings £	Total £
Balance at 1 November 2015		61,700	-	4,534,563	4,596,263
Year ended 31 October 2016:					
Profit for the year		-	-	2,960,528	2,960,528
Other comprehensive income:					
Currency translation differences		-	-	150,917	150,917
Total comprehensive income for the year		-	-	3,111,445	3,111,445
Balance at 31 October 2016		61,700	-	7,646,008	7,707,708
Year ended 31 October 2017:					
Profit for the year		-	-	4,145,558	4,145,558
Other comprehensive income:					
Currency translation differences on overseas subsidiaries		-	-	(100,708)	(100,708)
Total comprehensive income for the year		-	-	4,044,850	4,044,850
Dividends	11	-	-	(29,500)	(29,500)
Capital contribution		-	206,733	-	206,733
Balance at 31 October 2017		61,700	206,733	11,661,358	11,929,791

OXFORD PHARMAGENESIS HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2017

	Notes	Share capital £	Other reserves £	Retained earnings £	Total £
Balance at 1 November 2015		61,700	-	739,967	801,667
Year ended 31 October 2016:					
Loss and total comprehensive income for the year		-	-	(30)	(30)
Balance at 31 October 2016		61,700	-	739,937	801,637
Year ended 31 October 2017:					
Profit and total comprehensive income for the year		-	-	3,529,970	3,529,970
Dividends	11	-	-	(29,500)	(29,500)
Capital contribution		-	206,733	-	206,733
Balance at 31 October 2017		61,700	206,733	4,240,407	4,508,840

OXFORD PHARMAGENESIS HOLDINGS LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2017

	Notes	2017 £	£	2016 £	£
Cash flows from operating activities					
Cash generated from operations	26	4,577,718		5,453,534	
Interest paid		6,852		(10,471)	
Income taxes paid		(1,153,673)		(1,225,054)	
Net cash inflow from operating activities		3,430,897		4,218,009	
Investing activities					
Purchase of property, plant and equipment		(537,651)		(1,564,192)	
Proceeds on disposal of property, plant and equipment		4,215		1,273	
Interest received		6,826		10,735	
Net cash used in investing activities		(526,610)		(1,552,184)	
Financing activities					
Proceeds from borrowings		-		1,040,000	
Repayment of borrowings		(1,063,654)		(2,076,376)	
Payment of finance leases obligations		(2,396)		(5,802)	
Dividends paid to equity shareholders		(29,500)		-	
Net cash used in financing activities		(1,095,550)		(1,042,178)	
Net increase in cash and cash equivalents		1,808,737		1,623,647	
Cash and cash equivalents at beginning of year		5,388,254		3,622,788	
Effect of foreign exchange rates		(96,579)		141,819	
Cash and cash equivalents at end of year		7,100,412		5,388,254	

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

1 Accounting policies

Company information

Oxford PharmaGenesis Holdings Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is Tubney Warren Barn, Tubney, Abingdon, Oxfordshire, OX13 5QJ.

The group consists of Oxford PharmaGenesis Holdings Limited and all of its subsidiaries.

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 group and the currency of the primary economic environment in which the Group operates. Monetary amounts in these financial statements are rounded to the nearest £. Foreign operations are included in accordance with the policies below.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption in FRS 102 Section 33.1A and has not disclosed transactions with entities which form part of the group and are 100% owned by either Oxford PharmaGenesis Holdings Limited or Oxford PharmaGenesis Limited.

As permitted by s408 Companies Act 2006, the company has not presented its own income statement and related notes. The company's profit for the year was £3,529,970 (2016 - £30 loss)..

The company has also taken the advantage of the exemption in FRS 102 Section 1.12 (b) from the requirement to produce a cash flow statement.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings. These are adjusted, where appropriate, to conform to group accounting policies.

All financial statements are made up to 31 October 2017.

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated on consolidation.

1.3 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.

1.4 Revenue

Revenue represents the value of services provided to external customers during the year. Advance billings to external customers are treated as deferred income until the outcome of the project can be assessed with reasonable certainty, at which time it is released to turnover to reflect the proportion of work completed.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

1 Accounting policies

(Continued)

1.5 Intangible fixed assets - goodwill

Goodwill arising on the acquisition of the subsidiary undertakings and businesses, representing any excess of the fair value of the consideration over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its economic life of six years. Provision is made for any impairment at the time that it is identified.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 6 years

1.6 Property, plant and equipment

Property, plant and equipment 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:

Land and buildings Freehold	50 years straight line
Leasehold Improvements	18% straight line
Plant and machinery	25% straight line
Fixtures, fittings & equipment	10%-33% 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 recognised in the income statement.

1.7 Non-current investments

Equity investments are measured at fair value through profit or loss, except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably, which are recognised at cost less impairment until a reliable measure of fair value becomes available.

In the parent company financial statements, investments in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses.

1.8 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.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

1 Accounting policies

(Continued)

1.9 Financial instruments

The group 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 group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

1.10 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.11 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 income statement 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 group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the Company's accounts. Deferred tax is provided in full on material timing differences which result in obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is a no commitment to sell the asset. Deferred tax assets are not recognised in the financial statements.

1.12 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 non-current 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.

1.13 Retirement benefits

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

1 Accounting policies

(Continued)

1.14 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

1.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the statement of financial position as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to income 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 lease asset are consumed.

1.16 Foreign exchange

Company

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on the retranslation of monetary items are taken to the statement of comprehensive income. Exchange differences arising on non-monetary items, carried at fair value, are included in the statement of comprehensive income, except for the differences arising on the retranslation of non-monetary items in respect of which gains and losses are recorded in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Group

For the purposes of preparing consolidated financial statements, the assets and liabilities of foreign subsidiary undertakings are translated at the exchange rates ruling at the balance sheet date. Statement of comprehensive income items are translated at the average exchange rates for the year, unless exchange rates fluctuated significantly in the year, in which case the exchange rates ruling at the dates of the transactions are used. Exchange differences arising are taken to the Group's retained earnings.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

2 Judgements and key sources of estimation uncertainty

In the application of the group'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.

The key judgement underlying the preparation of the financial statements concerns the assessment of the stage of completion of client projects.

3 Revenue

An analysis of the group's revenue is as follows:

	2017 £	2016 £
Revenue from principal activity	25,048,908	17,640,137

Revenue analysed by geographical market

	2017 £	2016 £
United Kingdom	5,280,139	2,900,943
Overseas	19,768,769	14,739,194
	25,048,908	17,640,137

4 Operating profit

	2017 £	2016 £
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(80,043)	(336,808)
Depreciation of owned property, plant and equipment	153,212	84,129
Profit on disposal of property, plant and equipment	(439)	-
Amortisation of intangible assets	482,284	482,284
Operating lease charges	522,024	286,741

The results for the year ended 31 October 2016 have been restated to better reflect the apportionment of costs between expense categories. The effect has been to increase Cost of sales by £2,808,578, to reduce Distribution costs by £113,656 and to reduce Administrative expenses by £2,694,922.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

5 Auditor's remuneration

	2017 £	2016 £
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	3,500	3,000
Audit of the financial statements of the company's subsidiaries	20,500	20,000
	<u>24,000</u>	<u>23,000</u>

6 Employees

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

	2017 Number	2016 Number
Client delivery service	162	130
Support, management services	22	22
	<u>184</u>	<u>152</u>

The company had no employees during the year (2016 :Nil). The company directors were employed by Oxford PharmaGenesis Limited.

The aggregate remuneration of all group employees comprised:

	2017 £	2016 £
Wages and salaries	12,261,121	9,553,562
Social security costs	977,248	643,553
Pension costs	449,209	306,738
	<u>13,687,578</u>	<u>10,503,853</u>

7 Directors' remuneration

	2017 £	2016 £
Remuneration for qualifying services	975,351	745,582
Company pension contributions	41,750	34,549
	<u>1,017,101</u>	<u>780,131</u>

The number of directors for whom retirement benefits are accruing under defined benefit schemes amounted to 7 (2016 - 7).

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

7 Directors' remuneration

(Continued)

The above reflect all payments to key management personnel.

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

Remuneration for qualifying services	216,297	175,542
Company pension contributions to defined contribution schemes	9,000	7,500
	<u>225,297</u>	<u>183,042</u>

8 Investment income

	2017 £	2016 £
Interest income		
Interest on bank deposits	6,826	10,735
	<u>6,826</u>	<u>10,735</u>

Investment income includes the following:

Interest on financial assets not measured at fair value through profit or loss	6,826	10,735
	<u>6,826</u>	<u>10,735</u>

9 Finance costs

	2017 £	2016 £
Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	(6,852)	10,471
	<u>(6,852)</u>	<u>10,471</u>

10 Taxation

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the current period	1,043,886	768,651
Adjustments in respect of prior periods	601	-
Total UK current tax	<u>1,044,487</u>	<u>768,651</u>
Foreign current tax on profits for the current period	384,807	256,767
Total current tax	<u>1,429,294</u>	<u>1,025,418</u>

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

10 Taxation

(Continued)

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

	2017 £	2016 £
Profit before taxation	5,574,852	3,985,946
Expected tax charge based on the standard rate of corporation tax in the UK of 19.41% (2016: 20.00%)	1,082,285	797,189
Tax effect of expenses that are not deductible in determining taxable profit	48,640	2,437
Unutilised tax losses carried forward	3,965	-
Permanent capital allowances in excess of depreciation	(10,487)	135
Amortisation on assets not qualifying for tax allowances	93,629	96,457
Effect of overseas tax rates	210,661	129,200
Adjustments in respect of prior periods	601	-
Taxation charge for the year	1,429,294	1,025,418

11 Dividends

	2017 £	2016 £
Final paid	29,500	-

12 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 November 2016 and 31 October 2017	2,893,705
Amortisation and impairment	
At 1 November 2016	1,607,614
Amortisation charged for the year	482,284
At 31 October 2017	2,089,898
Carrying amount	
At 31 October 2017	803,807
At 31 October 2016	1,286,091

The company had no intangible fixed assets at 31 October 2017 or 31 October 2016.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

13 Property, plant and equipment

Group	Land and buildings Freehold	Leasehold Improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£	£
Cost					
At 1 November 2016	1,523,021	58,389	183,747	170,946	1,936,103
Additions	9,972	166,718	222,393	138,568	537,651
Disposals	-	-	(4,309)	-	(4,309)
Exchange adjustments	-	(601)	(7,010)	(2,385)	(9,996)
At 31 October 2017	1,532,993	224,506	394,821	307,129	2,459,449
Depreciation and impairment					
At 1 November 2016	33,819	29,402	114,758	72,587	250,566
Depreciation charged in the year	42,314	15,394	76,922	18,582	153,212
Eliminated in respect of disposals	-	-	(533)	-	(533)
Exchange adjustments	-	(61)	(4,192)	(1,613)	(5,866)
At 31 October 2017	76,133	44,735	186,955	89,556	397,379
Carrying amount					
At 31 October 2017	1,456,860	179,771	207,866	217,573	2,062,070
At 31 October 2016	1,489,202	28,987	68,989	98,359	1,685,537

The company had no property, plant and equipment assets at 31 October 2017 or 31 October 2016.

14 Fixed asset investments

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Investments in subsidiaries	15	-	-	6,471,552	6,471,552

Movements in non-current investments Company

	Shares in group undertakings £
Cost or valuation	
At 1 November 2016 and 31 October 2017	6,471,552
Carrying amount	
At 31 October 2017	6,471,552
At 31 October 2016	6,471,552

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

15 Subsidiaries

Details of the company's subsidiaries at 31 October 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Oxford PharmaGenesis AG	Switzerland	Provision of HealthScience communications services	Ordinary		100
Oxford PharmaGenesis Inc	United States of America	Provision of HealthScience communications services	Ordinary		100
Oxford PharmaGenesis Limited	United Kingdom	Provision of HealthScience communications services	Ordinary	100	

16 Trade and other receivables

	Group 2017	2016	Company 2017	2016
Amounts falling due within one year:	£	£	£	£
Trade receivables	4,788,283	3,494,430	-	-
Corporation tax recoverable	-	122,857	-	-
Other receivables	86,492	144,440	-	-
Prepayments and accrued income	2,886,423	2,147,471	-	-
	<u>7,761,198</u>	<u>5,909,198</u>	<u>-</u>	<u>-</u>

The 2016 comparative has been restated to reclassify £1,768,965 of accrued income from Trade receivables to Prepayments and accrued income. This had no impact on the total reported as Trade and other receivables.

The carrying amount of financial assets comprising trade receivables, other receivables and cash at bank and in hand measured at amortised cost totals group: £11,975,186 (2016: £9,062,014), company: £29,408 (2016: £28,908).

17 Current liabilities

	Notes	Group 2017	2016	Company 2017	2016
		£	£	£	£
Obligations under finance leases		-	2,396	-	-
Other borrowings	19	147,505	252,019	147,505	192,705
Trade payables		773,403	442,176	-	-
Corporation tax payable		457,461	304,697	-	-
Other taxation and social security		233,822	193,516	-	-
Other payables		72,848	277,351	-	-
Accruals and deferred income		4,112,657	4,130,077	30	-
		<u>5,797,696</u>	<u>5,602,232</u>	<u>147,535</u>	<u>192,705</u>

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

18 Non-current liabilities

	Notes	Group 2017 £	2016 £	Company 2017 £	2016 £
Other borrowings	19	-	959,140	-	-
Amounts due to group undertakings		-	-	1,844,585	5,506,118
		-	959,140	1,844,585	5,506,118

The carrying amount of financial liabilities comprising bank loan trade payables and other payables measured at amortised cost totals group: £nil (2016: £959,140), company: £1,844,585 (2016: £5,506,118).

19 Borrowings

The group had a mortgage from Barclays Bank plc. The loan was fully repaid during the year.

Included within non-current liabilities is an amount of £Nil (2016: £707,319) in respect of liabilities which fall due for payment after more than five years from the balance sheet date.

20 Financial risk management

The group holds or issues financial instruments in order to achieve three main objectives, being:

- (a) to finance its operations;
- (b) to manage its exposure to interest and currency risks arising from its operations and from its sources of finance; and
- (c) for trading purposes

In addition, various financial instruments (e.g. trade debtors, trade creditors, accruals and prepayments) arise directly from the group's operations.

Transactions in financial instruments result in the group assuming or transferring to another party one or more of the financial risks described below.

Interest rate risk

The group's exposure to interest rates on financial assets and liabilities are detailed in the liquidity risk management section of this note.

Credit risk

The group monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cashflows.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2017

21 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	449,209	306,738

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

At the year end amounts payable to the pension scheme totalled £72,048 (2016: £59,643).

22 Share-based payment transactions

Oxford PharmaGenesis Holdings Limited has granted rights to the employees of Oxford PharmaGenesis Limited for the equity instruments of Oxford PharmaGenesis Holdings Limited. The share options vest after 5 years from the option grant date. The earliest exercise date for some of these options will be 23 October 2019.

Group	Number of share options	
	2017 Number	2016 Number
Outstanding at 1 November 2016	2,250	1,400
Granted	900	850
Forfeited	(400)	-
Outstanding at 31 October 2017	2,750	2,250
Exercisable at 31 October 2017	-	-

No share options were exercised during the year (2016: none).

The options outstanding at 31 October 2017 had an exercise price ranging from £14.36 to £170.94, and a remaining contractual life of 7-10 years.

Group

The fair value of services received in return for share options granted are measured by reference to the fair value of share options granted. The fair value of employee share options is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. The services received and a liability to pay for those services are recognised over the expected vesting period. The fair value of options expensed in the year ended 31 October 2017 was £94,283 (2016: £112,450).

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

23 Share capital

	Group and company	
	2017	2016
	£	£
Ordinary share capital		
Issued and fully paid		
59,000 Ordinary of £1 each	59,000	59,000
2,700 Ordinary A of £1 each	2,700	2,700
	<u>61,700</u>	<u>61,700</u>

24 Operating lease commitments

Lessee

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

	Group	2016	Company	2016
	2017		2017	
	£	£	£	£
Within one year	279,699	391,200	-	-
Between two and five years	524,197	751,726	-	-
	<u>803,896</u>	<u>1,142,926</u>	<u>-</u>	<u>-</u>

25 Related party transactions

Group and Company

During the year the Oxford PharmaGenesis Limited paid rental amounts totaling £56,544 (2016: £56,544) to Northmoor Enterprises, a partnership in which a director is a partner. At the year end £Nil was prepaid to Northmoor Enterprises.

The group has taken advantage of the exemption in FRS 102 Section 33.1A and has not disclosed transactions with group companies on the grounds that consolidated financial statements are prepared.

No guarantees have been given or received.

OXFORD PHARMAGENESIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2017

26 Cash generated from group operations

	2017 £	2016 £
Profit for the year after tax	4,145,558	2,960,528
Adjustments for:		
Taxation charged	1,429,294	1,025,418
Finance costs	(6,852)	10,471
Investment income	(6,826)	(10,735)
Gain on disposal of property, plant and equipment	(439)	-
Amortisation and impairment of intangible assets	482,284	482,284
Depreciation and impairment of property, plant and equipment	153,212	84,129
Equity settled share based payment expense	94,283	59,569
Movements in working capital:		
(Increase) in trade and other receivables	(1,974,856)	(161,991)
Increase in trade and other payables	262,060	1,003,861
Cash generated from operations	4,577,718	5,453,534