

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2021
for
Central Pharma Contract Packing Limited

Central Pharma Contract Packing Limited (Registered number: 05666241)

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for the Year Ended 31 December 2021

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Central Pharma Contract Packing Limited

Company Information **for the Year Ended 31 December 2021**

DIRECTORS:

A J Smit
D J Hodgson
M C Keane
K Y Nichol
E Swanepoel

REGISTERED OFFICE:

Caxton Road
Elm Farm Industrial Estate
Bedford
Bedfordshire
MK41 0XZ

REGISTERED NUMBER:

05666241 (England and Wales)

AUDITORS:

WP Audit Limited
Statutory Auditors
5a Frascati Way
Maidenhead
Berkshire
SL6 4UY

Central Pharma Contract Packing Limited (Registered number: 05666241)

Strategic Report **for the Year Ended 31 December 2021**

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

REVIEW OF BUSINESS

The key financial performance indicators during the period were as follows:

	2021 £'000s
Turnover	16,475
Gross profit margin	38.5%
EBITDA	1,161
Operating profit	605
Shareholders' funds	3,438

The company's operating results have performed in line with the expectations of the directors with an increase in turnover resulting from growth in volumes supported by significant capital investment to increase capacity and position the company for further growth. The company's key profit measure is EBITDA, which is calculated as operating profit excluding depreciation, amortisation and intra-group charges. In 2021 the EBITDA was £1,160,937. The company's operating profit reported on a statutory basis was £605,275 which includes depreciation of £555,662. The company has ended the financial year with a robust balance sheet with net assets of £3,438,409..

The company continues to invest both in its people and fixed assets. Capital expenditure was £2,299,715 in the year with investment made to grow capability across its service offerings and generate efficiencies. This investment is a key part of continuing to be recognised as a leader in the industry and expanding the service offering to existing and new clients. The company works closely with its lenders to help fund its investment and this continued support should enable the company to realise the growth opportunities which the investment is designed to capitalise on.

PRINCIPAL RISKS AND UNCERTAINTIES

The market in which the company operates continues to provide opportunities for expansion and our focus on service and quality will allow us to continue to meet the needs of our customers and adapt to any changes in the regulatory environment. However, with substantial fixed costs within the business the primary risk to the business would be a substantial loss of volume. The directors will continue to look to grow the customer base as a way of managing the risk that the loss of a significant customer (or a material reduction in volumes) could present.

ON BEHALF OF THE BOARD:

A J Smit - Director

2 February 2023

Central Pharma Contract Packing Limited (Registered number: 05666241)

Report of the Directors for the Year Ended 31 December 2021

The directors present their report with the financial statements of the company for the year ended 31 December 2021.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of contract packing for the pharmaceutical and health supplement industries.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2021.

RESEARCH AND DEVELOPMENT

During 2020 the company continued to invest in research and development activities which have resulted in operational efficiencies and product improvement. The costs associated with the research and development activities are expensed in the year incurred.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

A J Smit
D J Hodgson
M C Keane
K Y Nichol

Other changes in directors holding office are as follows:

E Swanepoel was appointed as a director after 31 December 2021 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:

A J Smit - Director

2 February 2023

Report of the Independent Auditors to the Members of Central Pharma Contract Packing Limited

Opinion

We have audited the financial statements of Central Pharma Contract Packing Limited (the 'company') for the year ended 31 December 2021 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity 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 Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 or the Report of the Directors.

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

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

Report of the Independent Auditors to the Members of Central Pharma Contract Packing Limited

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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.

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 a Report of the Auditors 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also ensured of management account their own identification and assessment of the risks and irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, tax legislation, health and safety legislation and employment.
- had an indirect effect on the determination of material amounts and disclosures in the financial statements.

We discussed amount the audit engagement team, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud and performed specific procedures to ensure that they were addressed.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud, through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above procedures to establish to respond to the risks identified including the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations as described as have a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of those charged with governance.

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. This description forms part of our Report of the Auditors.

**Report of the Independent Auditors to the Members of
Central Pharma Contract Packing Limited**

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors 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.

Philippa Duckworth BSc FCCA Senior Statutory Auditor
for and on behalf of WP Audit Limited
Statutory Auditors
5a Frascati Way
Maidenhead
Berkshire
SL6 4UY

3 February 2023

Central Pharma Contract Packing Limited (Registered number: 05666241)

Income Statement **for the Year Ended 31 December 2021**

	Notes	31.12.21 £	31.12.20 £
TURNOVER	3	16,474,529	11,901,502
Cost of sales		<u>(10,132,316)</u>	<u>(7,014,730)</u>
GROSS PROFIT		6,342,213	4,886,772
Administrative expenses		<u>(5,772,461)</u>	<u>(4,533,453)</u>
		569,752	353,319
Other operating income		<u>35,523</u>	<u>4,143</u>
OPERATING PROFIT	5	605,275	357,462
Interest payable and similar expenses	6	<u>(80,340)</u>	<u>(51,046)</u>
PROFIT BEFORE TAXATION		524,935	306,416
Tax on profit	7	<u>(96,059)</u>	<u>(70,213)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>428,876</u>	<u>236,203</u>

The notes form part of these financial statements

Central Pharma Contract Packing Limited (Registered number: 05666241)

Other Comprehensive Income
for the Year Ended 31 December 2021

	Notes	31.12.21 £	31.12.20 £
PROFIT FOR THE YEAR		428,876	236,203
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>428,876</u>	<u>236,203</u>

The notes form part of these financial statements

Central Pharma Contract Packing Limited (Registered number: 05666241)

Balance Sheet **31 December 2021**

	Notes	31.12.21 £	31.12.20 £
FIXED ASSETS			
Intangible assets	8	-	-
Tangible assets	9	<u>4,041,387</u>	<u>2,345,033</u>
		<u>4,041,387</u>	<u>2,345,033</u>
CURRENT ASSETS			
Stocks	10	1,475,850	834,987
Debtors	11	7,184,365	5,609,113
Cash at bank and in hand		<u>720</u>	<u>349,328</u>
		8,660,935	6,793,428
CREDITORS			
Amounts falling due within one year	12	<u>(7,850,566)</u>	<u>(5,445,969)</u>
NET CURRENT ASSETS		<u>810,369</u>	<u>1,347,459</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>4,851,756</u>	<u>3,692,492</u>
CREDITORS			
Amounts falling due after more than one year	13	(945,931)	(311,601)
PROVISIONS FOR LIABILITIES	17	<u>(467,416)</u>	<u>(371,358)</u>
NET ASSETS		<u>3,438,409</u>	<u>3,009,533</u>
CAPITAL AND RESERVES			
Called up share capital	18	200,000	200,000
Retained earnings	19	<u>3,238,409</u>	<u>2,809,533</u>
SHAREHOLDERS' FUNDS		<u>3,438,409</u>	<u>3,009,533</u>

The notes form part of these financial statements

Central Pharma Contract Packing Limited (Registered number: 05666241)

Balance Sheet - continued

31 December 2021

The financial statements were approved by the Board of Directors and authorised for issue on 2 February 2023 and were signed on its behalf by:

A J Smit - Director

The notes form part of these financial statements

Central Pharma Contract Packing Limited (Registered number: 0566241)

Statement of Changes in Equity
for the Year Ended 31 December 2021

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2020	200,000	2,573,330	2,773,330
Changes in equity			
Total comprehensive income	-	236,203	236,203
Balance at 31 December 2020	<u>200,000</u>	<u>2,809,533</u>	<u>3,009,533</u>
Changes in equity			
Total comprehensive income	-	428,876	428,876
Balance at 31 December 2021	<u>200,000</u>	<u>3,238,409</u>	<u>3,438,409</u>

The notes form part of these financial statements

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements for the Year Ended 31 December 2021

1. STATUTORY INFORMATION

Central Pharma Contract Packing Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The historical cost convention is modified by the use of fair values for certain financial instruments in accordance with the accounting policies set out below.

The accounts are prepared on a going concern basis. The nature of the company's business means that it has a significant level of fixed costs and lending commitments to fund capital expenditure. As a consequence of this, the company's cash flow can be adversely affected in the event of an unexpected loss of volume from a key customer. The directors prepare financial forecasts based on expected trading activity and based on these forecasts the company is considered to be a going concern with the ability to service its obligations as they fall due for the foreseeable future, that is at least 12 months from the date of approval of these accounts.

Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 3.17(d);
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirement of paragraph 33.7.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued **for the Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

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

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

Tangible fixed assets

Tangible fixed are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Stock provision

On an annual basis the company make an assessment of the stock held and review its aging profile Base on this a provision will be included within the financial statements to reflect what is unlikely to be used. This varies on an annual basis with the directors required to make an estimation on their potential use.

Intra-group debtors

The company provides funds to its parent company and other subsidiaries of its parent company in order to manage the group's funding and facilitate development of the entire group's services. The directors are required to make an estimation of any potential recoverability issues when considering the carrying value of the intra-group debtors.

Turnover

Turnover arises from the company's principal activity of contract packing. Turnover is recognised at the fair value of the consideration received or receivable for the provision of packing services which occurs when the product has been packed. Turnover is shown net of Value Added Tax.

Goodwill

Goodwill arising on the acquisition of a business has been amortised evenly over its estimated useful life.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold	- Over the lease term
Plant and machinery	- 20% on cost, 15% on cost, 10% on cost and at varying rates on cost
Fixtures and fittings	- 33% on cost and 20% on cost
Motor vehicles	- 33% on cost and 25% on cost
Computer equipment	- 33% on cost and 20% on cost

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Government grants

The company received income from the Government Coronavirus Job Retention Scheme. Government grants are recognised in the income statement in the same period as the related expenditure.

Stocks

Stocks, which primarily comprise raw materials for packing, are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost is the purchase price of the materials. Provision is made for obsolete, slow-moving or defective items where appropriate.

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued **for the Year Ended 31 December 2021**

2. ACCOUNTING POLICIES - continued

Financial instruments

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.

(b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.

(c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).

(d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

(f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that are classified as payable or receivable within one year on initial recognition and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Investments

Investments in non-convertible preference shares and non-puttable ordinary or preference shares (where shares are publicly traded or their fair value is reliably measurable) are measured at fair value through profit or loss. Where fair value cannot be measured reliably, investments are measured at cost less impairment.

In the company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

(iii) Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2021

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Confidential invoice discounting

The company has a confidential invoice discounting facility. The accounting policy is to include the returnable element of the proceeds within current liabilities and present trade debtors within one year as gross. Service charges and interest are charged to the profit and loss account when paid. Bad debts are borne by the company and are charged to the profit and loss account when incurred.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.21	31.12.20
	£	£
United Kingdom	14,459,855	11,552,802
Markets outside United Kingdom	2,014,674	348,700
	<u>16,474,529</u>	<u>11,901,502</u>

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2021

4. EMPLOYEES AND DIRECTORS

	31.12.21	31.12.20
	£	£
Wages and salaries	5,881,330	4,486,100
Social security costs	565,713	419,487
Other pension costs	98,060	118,634
	<u>6,545,103</u>	<u>5,024,221</u>

The average number of employees during the year was as follows:

	31.12.21	31.12.20
Operations and production	170	151
Administration	42	25
Sales	<u>2</u>	<u>2</u>
	<u>214</u>	<u>178</u>

	31.12.21	31.12.20
	£	£
Directors' remuneration	441,543	409,339
Directors' pension contributions to money purchase schemes	<u>28,671</u>	<u>14,168</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>4</u>	<u>3</u>
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Information regarding the highest paid director is as follows:

	31.12.21	31.12.20
	£	£
Emoluments etc	153,669	164,976
Pension contributions to money purchase schemes	<u>10,757</u>	<u>-</u>

The directors are the key management personnel of the company and therefore the amount of key management remuneration is the same as the directors remuneration.

5. OPERATING PROFIT

The operating profit is stated after charging:

	31.12.21	31.12.20
	£	£
Hire of plant and machinery	31,746	35,039
Other operating leases	476,222	648,698
Depreciation - owned assets	376,574	349,301
Depreciation - assets on hire purchase contracts	179,090	132,759
Auditors' remuneration	20,890	12,923
Foreign exchange differences	<u>43,109</u>	<u>9,996</u>

Pension contributions totalling £48,556 (2020: £17,698) were payable to the pension fund at the year end and are included in creditors due less than 1 year.

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2021

6.	INTEREST PAYABLE AND SIMILAR EXPENSES	31.12.21	31.12.20
		£	£
	Bank interest	32,068	28,246
	Other interest	21,613	-
	Hire purchase	<u>26,659</u>	<u>22,800</u>
		<u>80,340</u>	<u>51,046</u>
7.	TAXATION		
	Analysis of the tax charge		
	The tax charge on the profit for the year was as follows:	31.12.21	31.12.20
		£	£
	Current tax:		
	UK corporation tax	-	(2,039)
	Deferred tax	<u>96,059</u>	<u>72,252</u>
	Tax on profit	<u>96,059</u>	<u>70,213</u>
	Reconciliation of total tax charge included in profit and loss		
	The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:		
		31.12.21	31.12.20
		£	£
	Profit before tax	<u>524,935</u>	<u>306,416</u>
	Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	99,738	58,219
	Effects of:		
	Expenses not deductible for tax purposes	(26,283)	11,994
	Deferred tax provided for at a higher rate	<u>22,604</u>	-
	Total tax charge	<u>96,059</u>	<u>70,213</u>
8.	INTANGIBLE FIXED ASSETS		
			Goodwill
			£
	COST		
	At 1 January 2021		
	and 31 December 2021		<u>269,235</u>
	AMORTISATION		
	At 1 January 2021		
	and 31 December 2021		<u>269,235</u>
	NET BOOK VALUE		
	At 31 December 2021		-
	At 31 December 2020		-

Central Pharma Contract Packing Limited (Registered number: 05666241)

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2021**

9. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2021	61,373	5,105,094	278,825
Additions	-	2,078,570	-
Disposals	-	(13,800)	-
At 31 December 2021	<u>61,373</u>	<u>7,169,864</u>	<u>278,825</u>
DEPRECIATION			
At 1 January 2021	48,172	2,945,026	272,803
Charge for year	2,415	488,915	5,794
Eliminated on disposal	-	4,998	-
At 31 December 2021	<u>50,587</u>	<u>3,438,939</u>	<u>278,597</u>
NET BOOK VALUE			
At 31 December 2021	<u>10,786</u>	<u>3,730,925</u>	<u>228</u>
At 31 December 2020	<u>13,201</u>	<u>2,160,068</u>	<u>6,022</u>

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2021	95,243	463,825	6,004,360
Additions	-	221,145	2,299,715
Disposals	-	(34,799)	(48,599)
At 31 December 2021	<u>95,243</u>	<u>650,171</u>	<u>8,255,476</u>
DEPRECIATION			
At 1 January 2021	87,522	305,804	3,659,327
Charge for year	7,721	50,819	555,664
Eliminated on disposal	-	(5,900)	(902)
At 31 December 2021	<u>95,243</u>	<u>350,723</u>	<u>4,214,089</u>
NET BOOK VALUE			
At 31 December 2021	<u>-</u>	<u>299,448</u>	<u>4,041,387</u>
At 31 December 2020	<u>7,721</u>	<u>158,021</u>	<u>2,345,033</u>

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2021

9. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 January 2021	963,342	65,421	1,028,763
Additions	712,715	-	712,715
At 31 December 2021	<u>1,676,057</u>	<u>65,421</u>	<u>1,741,478</u>
DEPRECIATION			
At 1 January 2021	147,966	57,700	205,666
Charge for year	171,369	7,721	179,090
At 31 December 2021	<u>319,335</u>	<u>65,421</u>	<u>384,756</u>
NET BOOK VALUE			
At 31 December 2021	<u>1,356,722</u>	<u>-</u>	<u>1,356,722</u>
At 31 December 2020	<u>815,376</u>	<u>7,721</u>	<u>823,097</u>

10. STOCKS

	31.12.21 £	31.12.20 £
Stocks	<u>1,475,850</u>	<u>834,987</u>

An assessment is performed annually to assess stock held at the year end which is based on the ageing and the movement of stock items. The stock provision at the year end is £261,611 (2020: £203,392).

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Trade debtors	3,222,474	1,732,640
Amounts owed by group undertakings	3,430,188	1,926,671
Other debtors	196,357	298,841
Tax	-	82,113
Prepayments and accrued income	335,346	1,568,848
	<u>7,184,365</u>	<u>5,609,113</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.21 £	31.12.20 £
Bank loans and overdrafts (see note 14)	2,350,738	1,160,290
Hire purchase contracts (see note 15)	466,296	352,451
Trade creditors	2,103,101	2,364,846
Social security and other taxes	232,629	142,082
VAT	807,729	551,859
Other creditors	325,130	553,285
Accrued expenses	1,564,943	321,156
	<u>7,850,566</u>	<u>5,445,969</u>

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2021

13. **CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	31.12.21	31.12.20
	£	£
Bank loans (see note 14)	418,922	-
Hire purchase contracts (see note 15)	<u>527,009</u>	<u>311,601</u>
	<u>945,931</u>	<u>311,601</u>

14. **LOANS**

An analysis of the maturity of loans is given below:

	31.12.21	31.12.20
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	1,756,027	-
Bank loans	<u>594,711</u>	<u>1,160,290</u>
	<u>2,350,738</u>	<u>1,160,290</u>

Amounts falling due between one and two years:

Bank loans - 1-2 years	<u>111,186</u>	<u>-</u>
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Amounts falling due between two and five years:

Bank loans - 2-5 years	<u>307,736</u>	<u>-</u>
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15. **LEASING AGREEMENTS**

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.12.21	31.12.20
	£	£
Net obligations repayable:		
Within one year	466,296	352,451
Between one and five years	<u>527,009</u>	<u>311,601</u>
	<u>993,305</u>	<u>664,052</u>

Non-cancellable operating leases

	31.12.21	31.12.20
	£	£
Within one year	349,862	331,183
Between one and five years	4,067,540	895,117
In more than five years	<u>7,138,667</u>	<u>649,000</u>
	<u>11,556,069</u>	<u>1,875,300</u>

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2021

16. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.21	31.12.20
	£	£
Bank loans	<u>526,133</u>	<u>1,160,290</u>

Included within bank loans is an Invoice finance facility of £526,133 (2020: £1,160,290) provided by Clydesdale Bank PLC. The invoice finance facility accrues discount charges at 2.4% of notified receivables. The bank debt is secured by fixed and floating charges over the undertaking and all property and assets present and future.

17. PROVISIONS FOR LIABILITIES

	31.12.21	31.12.20
	£	£
Deferred tax	<u>467,416</u>	<u>371,358</u>

	Deferred tax
	£
Balance at 1 January 2021	371,358
Provided during year	<u>96,058</u>
Balance at 31 December 2021	<u>467,416</u>

Deferred tax relates to timing differences arising from the amount of depreciation charged on fixed assets compared with capital allowances claimed.

18. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.12.21	31.12.20
			£	£
200,000	Ordinary shares	£1	<u>200,000</u>	<u>200,000</u>

The company has one class of ordinary shares which carry no right to fixed income. Ordinary shares carry a right to vote, a right to dividends and a right to a capital distribution in the event of a winding up or return of capital.

19. RESERVES

	Retained earnings
	£
At 1 January 2021	2,809,533
Profit for the year	<u>428,876</u>
At 31 December 2021	<u>3,238,409</u>

20. ULTIMATE PARENT COMPANY

The ultimate parent company is Central Pharma Contract Holdings Limited, a company registered in England & Wales.

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued **for the Year Ended 31 December 2021**

21.	CAPITAL COMMITMENTS		
		31.12.21	31.12.20
		£	£
	Contracted but not provided for in the financial statements	<u>-</u>	<u>281,313</u>
22.	ULTIMATE CONTROLLING PARTY		
	There is no single ultimate controlling party.		

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.