Registered number: NI 041905

Almac Clinical Services Limited

Annual report and financial statements

for the year ended 30 September 2022

Almac Clinical Services Limited

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Directors and advisers

Directors

A D Armstrong
C M Bradley
Dr R Dunlop
S Campbell
N Harkin
G McBurney

Company secretary

E McAllister

Registered office

Almac House
20 Seagoe Industrial Estate
Craigavon
County Armagh
BT63 5QD

Solicitors

Carson McDowell LLP
Murray House
4 Murray Street
Belfast
BT1 6DN

Bankers

Danske Bank
11 Donegall Square West
Belfast
BT1 6JS

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Merchant Square
20-22 Wellington Place
Belfast
BT1 6GE

Strategic report for the year ended 30 September 2022

The directors present their Strategic report on the company for the year ended 30 September 2022.

Principal activities

Almac Clinical Services Limited is a private limited company incorporated and domiciled in the United Kingdom and registered in Northern Ireland. The registered address is detailed on page 1. The company's immediate and ultimate parent company is Almac Group Limited. During the year the company continued to be engaged in the provision of goods and services to pharmaceutical and biotechnology companies.

Review of business and future developments

The business has progressed satisfactorily during the year. The directors are continually evaluating investment opportunities to deliver growth and profit development.

Principal risks and uncertainties

The management of the business and the execution of the company's strategy are subject to a number of risks including the competitive market conditions. Further discussion of these risks and uncertainties, in the context of the group as a whole, is provided in the annual report of the parent undertaking, Almac Group Limited of which Almac Clinical Services Limited is a wholly owned subsidiary.

Key performance indicators

The directors manage the company's operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business of the company. Commentary on the group's performance is provided on page 2 in the annual report of the parent undertaking Almac Group Limited. Copies of the group financial statements are available from Companies Registry.

Environment

The company recognises its corporate responsibility to carry out its operations whilst minimising environmental impacts. The directors' continued aim is to comply with all applicable environmental legislation, prevent pollution and reduce waste wherever possible.

Health and safety

The company is committed to achieving the highest practicable standards in health and safety management and strives to make all sites and offices safe environments for employees and customers alike.

Human resources

People are the company's most important resource. Retention of key staff is critical and the company has invested in employment training and development.

Performance and position

The profit for the year is £29,526,161 (2021: £21,408,309), net cash flow inflow from operating activities is £4,459,677 (2021: £24,723,944) and its net assets are £313,301,594 (2021: £283,775,433). The business has performed satisfactorily during the financial year.

Strategic report for the year ended 30 September 2022 (continued)

S172

In accordance with section 172 (1) of the Companies Act 2006 (the Act), each of the company's directors (both individually and collectively) act in a way in which they actively promote the success of the company for the benefit of its members as a whole and the company's wider role in the community. The company's directors take account of, among other matters, the requirements set out in section 172(1) (a) – (f) of the Companies Act 2006 including:

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

The directors of the company acknowledge that the long-term and short-term success of the company is dependent upon their engagement with all of its stakeholders including the company's employees, customers, suppliers, regulators, and the wider community. The directors are mindful that this engagement is required to make informed decisions at board level. As part of the Almac Group, the directors of the company promote and observe their duty under Section 172 (1) of the Act, in part through engagement with and use the wider governance structure provided by its parent company, Almac Group Limited.

The below table sets out the steps taken by the directors of the company to engage with each of the aforementioned groups, the purpose /aim of that engagement, and the results and benefits of the engagements.

Engagement with Stakeholders

The below table sets out the steps taken by the directors of the company to engage with each of the aforementioned groups, the purpose / aim of that engagement, and the results and benefits of the engagements.

Stakeholder Group	Engagement
Employees Almac Group currently employs approximately 6,600 people globally. The directors recognise that people are our core asset and that to provide continued long-term success for the company and its stakeholders, the company must provide a happy, balanced and safe work environment. We are therefore committed to supporting, developing, and rewarding our people at every step of their journey with Almac. Together, we strive to foster a working environment and culture that is safe, inspiring and inclusive.	*Each business unit within the Group hosts monthly Employee Forums whereby employees* can directly raise any concerns or issues through nominated representatives with senior management and the directors. Meeting minutes are shared Group-wide and follow up actions are allocated to the relevant Departments in the company. Almac grants a range of special recognition awards to employees who demonstrate a commitment to the goals and vision of Almac. These awards include ACE Awards ("Almac Celebrates Excellence") and Long Service Awards. Almac operates a group-wide bonus scheme thereby ensuring that all Almac employees can share in the performance of the group and/or their operating division. In 2022 Almac issued a discretionary cost of living payment to offset rising household costs due to the global rise in inflation. Almac operates a policy on hybrid working across the group providing many employees with the opportunity to adopt a blended approach of working from home and coming to work on site. In 2022 we reduced working hours from 40 to 37.5 at our UK and Ireland sites with no loss in pay. We also introduced a holiday buy-back scheme so that our people can purchase or sell holidays. *The directors are committed to the health and well-being of all our employees.* #All4Health is Almac's comprehensive programme for employee health and well-being, designed to support the mental, physical, and financial health of all our employees. This programme is supported by Almac's #All4Health WellHub platform which provides access to a wide range of supporting tools and materials. There has been an 83% engagement rate with our colleagues since the platform launched in 2019.

Strategic report for the year ended 30 September 2022 (continued)

Engagement with Stakeholders (continued)

Stakeholder Group	Engagement
Employees (continued)	The group employs a dedicated Pastoral Care Manager to maintain a Pastoral Care Service for employee personal wellbeing. Employees can reach out 24/7 on a confidential basis to discuss any wellbeing issues. Our pastoral care manager has held over 1,500 sessions with our people over the last two years. The directors arrange annual "fun days" across all Almac sites in recognition of our employee's contribution and in acknowledgement of the importance of positive employee relationships. Unfortunately, these were suspended due to the Covid-19 pandemic but will commence again in 2023. Almac operates a Performance Management Programme (PMP) which facilitates direct and meaningful engagement between employees and line managers. Yearly training goals are set and analysed annually to ensure continued employee progression and one-to-one communication on development. Almac recognises the importance of effective learning and development, both in terms of how it benefits and motivates our employees but also ensures the success of the company as a whole. Our Global Training department partners with the business to drive learning that is strategic, measurable, and effective. Training is delivered in various forms, including via our internal e-learning platform. Training is delivered to all employees and at all levels, including a range of bespoke leadership certification programmes for emerging leaders, new leaders, and senior leaders. The directors acknowledge that our ability to achieve our mission as a company is directly attributable to our ability to attract, retain and motivate the best and most diverse talent. During 2022, we developed our DEI advisor policy in the US. We are currently running a 12-month pilot scheme at one of our US sites where we have trained DE&I advisors in place providing advice and support and a means for open communication.
Customers Almac Group provides services to over 600 companies in the pharmaceutical industry. The directors are mindful of the need to actively deliver the company's unique culture of delivering exceptional service solutions for its customers in a manner which is mutually beneficial whilst maintaining a reputation for high standards of business conduct. We are committed to understanding and exceeding our customers' needs and expectations. We build relationships based on integrity, responsiveness, and excellent communication.	Customer surveys are performed by the Almac Market Insights team to ensure that Almac's service offering is constantly evolving and stays consistent with our customers' long-term requirements and expectations. Almac, through dedicated Quality Assurance Departments across its divisions, facilitates on-site client audits of its global facilities to ensure that customers are confident that Almac performs its services in accordance with all laws and regulatory requirements. Almac's Corporate and Legal Affairs Department works very closely with all customers to ensure that the key corporate policies of Almac and its customers (such as anti-bribery, modern slavery, sustainability, and environmental policies) are aligned. Almac engages with its customers' Legal Teams on its customers' own policies and, where appropriate, these policies are included in underlying legal agreements with Customers. The directors, through engagement with Almac's Business Development and Project Teams have established a detailed Project Governance Structure which ensures frequent and meaningful engagement with customers on a more operational / project management level in respect of specific work packages and projects. The individual project governance structure can vary from Customer to Customer however at a high level this includes regular project meetings and KPI reporting.

Strategic report for the year ended 30 September 2022 (continued)

Engagement with Stakeholders (continued)

Stakeholder Group	Engagement
Suppliers The directors of the company recognise that the company's supply chain is an extension of the company's own business. The company aims to work with suppliers that share our values and our commitment to conducting business honestly and in accordance with the highest ethical and quality standards. By fostering positive and strong relationships with our suppliers, we ensure that the company continues to provide an exemplary level of service to our customers.	The directors recognise that Almac's suppliers are an extension of Almac's service offering to its customers. Almac has a culture of fostering long term, quality-focussed and cost-effective relationships with its suppliers. Suppliers are managed by large Procurement Departments within each business unit, each with its own detailed Standard Operating Procedures relevant to its service offering and each of which reports into a Central Procurement Department. Almac carries out regular and appropriately detailed audits and inspections of its broad range of suppliers. Where necessary, Almac works closely with suppliers to ensure all remedial actions are implemented quickly. Almac's Corporate and Legal Affairs and Quality Assurance Departments work closely with suppliers to ensure that appropriate legal and quality agreements are in place with each supplier to clearly document the parties' respective rights and obligations, including with respect to compliance with applicable laws, quality standards and ethical business conduct.
Community Almac is part of the wider community, and the directors are conscious that the actions of Almac have a bearing on the community and environment. We are very aware that in striving to achieve our mission to advance human health we must also consider the overall health of our planet and take action to improve environmental performance. As part of our environmental strategy, Almac is committed to the responsible management of energy, water and waste and continually strives towards improvements aligned with committed targets. We are proud to work with our people to make a positive and lasting contribution to our communities through the philanthropy of our shareholder, The McClay Foundation, and our Science, Technology, Engineering and Maths (STEM) outreach programmes.	The directors established the Almac Charity Committee which implements the charitable goals of Almac each year. In addition to discretionary donations to charities chosen by employees and directors, the Charity Committee also supports applications for funding from employees undertaking individual fundraising activities. In 2022, Almac donated funds to local and international charities in line with our charity and community policies. Almac maintains and continually reviews environmental and sustainability policies. Almac has undertaken to meet significant environmental goals including a commitment to monitor and minimise single-use plastics both within its supply chain and for internal use as far as is practicably possible. In 2022 we also committed to be net zero by 2045 and to reduce our scope 1 and 2 emissions by 50% by 2030 (with a base year of 2020). In November 2022 Almac Group published its second Corporate Social Responsibility Report. The report is publicly available to all stakeholders on the Almac website and is published annually. Our report covers our activities under the headings of People, Planet, Place and Ethics.

Strategic report for the year ended 30 September 2022 (continued)

Engagement with Stakeholders (continued)

Stakeholder Group	Engagement
Regulators The company operates in a highly regulated industry and the directors are mindful of the strict legal and regulatory requirements in relation to which the company must comply.	Each business unit within Almac engages in an open and cooperative way with all regulatory bodies, statutory authorities and all other local and international government agencies governing its respective area of business. Almac is audited and certified as required by law with the Medicines and Healthcare products Regulatory Agency (MHRA), the U.S. Food & Drug Administration (FDA), the Health Products Regulatory Authority (HPRA) and other agencies. Almac has dedicated Quality Assurance Departments to ensure compliance, and such compliance is reported directly to the Board.
Parent Company – Almac Group The company is a subsidiary of Almac Group Limited and is integrated within the overall governance structure of the Almac Group.	The directors ensure constant engagement between the company and Almac Group Limited on the basis that many of the stakeholder considerations are captured at a Group level. The Almac Group has a robust Group-wide governance framework which includes quarterly board meetings with the directors of Almac Group Limited to report on the performance and goals of the company and to ensure that the company remains fully integrated and committed to the underlying values and policies of the Almac Group.

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

A Armstrong
Director
13 March 2023

Directors' report for the year ended 30 September 2022

The directors present their Annual report and the audited financial statements of the company for the year ended 30 September 2022. Information on the company's principal activities and future developments are included in the Strategic report and is included in this report by cross reference.

Future developments

The section on future developments, which is detailed in the Strategic report, is included in this report by cross reference.

Financial risk management

The company operates within the competitive conditions of its market place. Regarding credit risk, it is standard company policy to perform appropriate credit checks on all potential customers before contracts are entered into. Further commentary is provided in note 2.

Dividends

The directors do not recommend payment of a final dividend (2021: £nil).

Directors

The directors who served during the year and up to the date of approval of the financial statements are listed below:

A D Armstrong
C M Bradley
Dr R Dunlop
C Hayburn (resigned 1 January 2023)
S Campbell
N Harkin
G McBurney (appointed 1 October 2022)

Directors' indemnities

The Directors have the benefit of an indemnity, which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company has purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Employees

The company systematically provides employees with all information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in objectives.

The company is committed to employment policies, which follow best practice based on equal opportunities for all employees, irrespective of sex, race, colour, disability or marital status. The company gives full and fair considerations to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the company. If members of staff become disabled the company continues employment, either in the same or an alternative position with appropriate retraining being given if necessary.

Stakeholder engagement

The section on stakeholder engagement, which is detailed in the strategic report, is included in this report by cross reference.

Directors' report for the year ended 30 September 2022 (continued)

Going concern

The directors of Almac Group Limited have prepared cash flow forecasts for a period of at least twelve months from the date of signing of this report and confirm that adequate funding has been committed by Almac Group Limited, the company's ultimate parent, to support the company's operations and planned growth over this period. The directors have received confirmation that Almac Group Limited intends to support the company for at least one year after these financial statements are signed. Consequently, the directors have prepared these financial statements on a going concern basis.

The Company participates in group cash pooling arrangements providing access to cash necessary for the day-to-day running of the company and to support the going concern assertion. The company has received confirmation that the Group will not withdraw the facility in the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company has access to adequate financial and other resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Statement of disclosure of information to auditors

So far as each of the directors in office at the date of approval of these financial statements is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Independent auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

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

N Harkin
Director
13 March 2023

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also 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.

N Harkin
Director
13 March 2023

Independent auditors' report to the members of Almac Clinical Services Limited

Report on the audit of the financial statements

Opinion

In our opinion, Almac Clinical Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2022 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the Balance sheet as at 30 September 2022; the Income statement, the Statement of changes in equity and the Cash flow statement for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance 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.

Independent auditors' report to the members of Almac Clinical Services Limited

Reporting on other information (continued)

If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 30 September 2022 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to product safety (including but not limited to Medicines and Healthcare products Regulatory Agency regulations) and tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements.

Independent auditors' report to the members of Almac Clinical Services Limited

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results, including revenue recognition and manipulation of earnings before interest, tax, depreciation and amortisation and management bias in accounting estimates or significant judgements. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing unusual journal entries, in particular those journal entries posted with an unusual account combination; and
- Evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant accounting estimates.

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.

Brenda Heenan

Brenda Heenan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
16 March 2023

Income statement for the year ended 30 September 2022

	Note	2022 £	2021 £
Continuing operations			
Revenue	4	**253,206,015**	208,588,351
Cost of sales	5	**(180,514,539)**	(147,987,412)
Gross profit		**72,691,476**	60,600,939
Distribution costs	5	**(3,794,344)**	(3,150,777)
Administrative expenses	5	**(39,635,552)**	(34,299,314)
Operating profit		**29,261,580**	23,150,848
Operating profit is analysed as:			
Operating profit before depreciation and amortisation ("EBITDA')		**38,246,711**	30,930,444
Depreciation of property, plant and equipment		**(2,413,399)**	(2,214,949)
Depreciation of right of use assets		**(1,361,942)**	(708,883)
Amortisation of intangible assets		**(5,209,790)**	(4,855,764)
Finance costs	6	**(166,947)**	(124,868)
Finance income	6	**7,406,262**	4,773,131
Profit before income tax		**36,500,895**	27,799,111
Income tax expense	8	**(6,974,734)**	(6,390,802)
Profit and total comprehensive income for the financial year		**29,526,161**	21,408,309

The notes on pages 17 to 44 are an integral part of these financial statements.

Statement of changes in equity for the year ended 30 September 2022

	Share capital £	Retained earnings £	Total equity £
At 1 October 2020	53,723,734	208,643,390	262,367,124
Profit for the financial year	-	21,408,309	21,408,309
Total comprehensive income for the year	-	21,408,309	21,408,309
At 30 September 2021	53,723,734	230,051,699	283,775,433
At 1 October 2021	53,723,734	230,051,699	283,775,433
Profit for the financial year	-	29,526,161	29,526,161
Total comprehensive income for the year	-	29,526,161	29,526,161
At 30 September 2022	**53,723,734**	**259,577,860**	**313,301,594**

The notes on pages 17 to 44 are an integral part of these financial statements.

Balance sheet as at 30 September 2022

	Note	2022 £	2021 £
Assets			
Non-current assets			
Intangible assets	9	**14,656,525**	14,953,161
Property, plant and equipment	10	**38,903,030**	35,881,124
Right of use assets	11	**6,086,610**	6,888,306
Investment in subsidiaries	12	**10,000**	10,000
Total non-current assets		**59,656,165**	57,732,591
Current assets			
Inventories	13	**296,244**	622,827
Current income tax recoverable		**9,365,917**	11,355,353
Trade and other receivables	14	**316,634,569**	273,144,066
Cash and cash equivalents	15	**12,901**	-
Total current assets		**326,309,631**	285,122,246
Total assets		**385,965,796**	342,854,837
Liabilities			
Current liabilities			
Borrowings	17	**1,482,596**	1,512,256
Trade and other payables	16	**56,262,806**	43,113,901
Total current liabilities		**57,745,402**	44,626,157
Non-current liabilities			
Borrowings	17	**5,023,025**	5,770,751
Deferred income tax liabilities	18	**5,039,824**	4,569,748
Other non-current liabilities	19	**1,636,054**	1,517,985
Deferred income	20	**2,326,658**	2,594,763
Provisions for liabilities and charges	21	**893,239**	-
Total non-current liabilities		**14,918,800**	14,453,247
Total liabilities		**72,664,202**	59,079,404
Equity			
Capital and reserves			
Share capital	22	**53,723,734**	53,723,734
Retained earnings		**259,577,860**	230,051,699
Total equity		**313,301,594**	283,775,433
Total equity and liabilities		**385,965,796**	342,854,837

The financial statements on pages 13 to 44 were authorised for issue by the board of directors on 13 March 2023 and were signed on their behalf by:

A D Armstrong
Director

N Harkin
Director

Almac Clinical Services Limited **Registered number: NI 041905**

The notes on pages 17 to 44 are an integral part of these financial statements.

Cash flow statement for the year ended 30 September 2022

	Note	2022 £	2021 £
Cash flows from operating activities			
Cash generated from operations	22	**42,894,717**	31,038,471
Interest paid		**-**	(3)
Taxation paid		**(9,004,727)**	(6,314,524)
Net cash generated from operating activities		**33,889,990**	24,723,944
Cash flows from investing activities			
Purchase of intangible assets		**(5,435,305)**	(3,054,375)
Purchase of property, plant and equipment		**(4,913,154)**	(2,915,751)
Advances to group undertakings		**(29,430,313)**	(25,262,047)
Interest received		**7,406,262**	4,773,131
Net cash used in investing activities		**(32,372,510)**	(26,459,042)
Cash flows from financing activities			
Principal elements of lease payments		**(1,427,636)**	(814,782)
Net cash used in financing activities		**(1,427,636)**	(814,782)
Net increase/(decrease) in cash and cash equivalents		**89,844**	(2,549,880)
Cash and cash equivalents at beginning of the year		**(76,943)**	2,472,937
Cash and cash equivalents at end of the year	15	**12,901**	(76,943)

The notes on pages 17 to 44 are an integral part of these financial statements.

Notes to the financial statements for the year ended 30 September 2022

1 Accounting policies

General information

The company's principal activity during the year was as described in the Strategic report. The financial statements are presented in UK pound sterling. Almac Clinical Services Limited is a private limited company incorporated by shares and domiciled in the United Kingdom and registered in Northern Ireland. The registered address is detailed on page 1.

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

Basis of preparation

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. Almac Group (UK) Limited transitioned to UK-adopted International Accounting Standards in its company financial statements on 1 October 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Management has concluded that there are no critical assumptions, estimates or judgements involving a high degree of judgment or complexity which require further disclosure. The company's accounting policies and estimates are detailed below.

Going concern

The directors of Almac Group Limited have prepared cash flow forecasts for a period of at least twelve months from the date of signing of this report and confirm that adequate funding has been committed by Almac Group Limited, the company's ultimate parent, to support the company's operations and planned growth over this period. The directors have received confirmation that Almac Group Limited intends to support the company for at least one year after these financial statements are signed. Consequently, the directors have prepared these financial statements on a going concern basis.

The Company participates in group cash pooling arrangements providing access to cash necessary for the day-to-day running of the company and to support the going concern assertion. The company has received confirmation that the Group will not withdraw the facility in the foreseeable future.

After making enquiries, the directors have a reasonable expectation that the company has access to adequate financial and other resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

New and amended standards adopted by the company

The following standards and amendments are applicable for accounting periods beginning on or after 1 January 2021 and are therefore effective for this year end. These amendments have had no impact on the company's financial position or performance in the current or prior years.

- COVID-19-Related Rent Concessions – amendments to IFRS 16, and
- Amendments to IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform Phase 2

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 September 2022 reporting periods and have not been early adopted by the company. None of these are expected to have a material impact on the company in the current or future reporting periods and on foreseeable future transactions.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Basis of consolidation

The company has taken advantage of the exemption conferred under Companies Act 2006 Section 400 from preparing group financial statements. The financial statements therefore present information about the company as an individual undertaking and not about its group.

Intangible assets

The costs of acquiring and bringing computer software in to use are capitalised and amortised on a straight-line basis over the estimated useful economic life of the software which is between five to ten years.

Capitalised software development costs include external direct costs of material and services together with direct labour costs relating to software development. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance expenses are charged to the income statement during the financial year in which they are incurred.

For all asset's depreciation is calculated to write off the cost less their estimated residual values, on a straight- line basis over the expected useful economic lives of the assets concerned. The principal annual rates used are as follows:

		%
Buildings	-	2
Plant and machinery	-	10
Fixtures and fittings	-	10
Computer equipment	-	20

No depreciation is charged on land or the assets under construction. The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are included within administrative expenses in the income statement.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are held as non-current assets and are recorded at cost, which is the fair value of the consideration paid, less any provision for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net reliable value is the estimated selling price in the ordinary course of the business, less applicable variable selling expenses.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication, the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter, any excess is recognised in profit and loss account.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Financial assets

Classification

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI) or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Financial assets

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. The company only has debt instruments which are held for collection of cash flows where those cash flow represent solely payments of principal and interest. These are subsequently measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as separate line item in the statement of profit or loss.

Impairment

The company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Cash and cash equivalents

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

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are recognised initially at fair value, net of direct issue costs and subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis to the income statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Current and deferred income tax

The tax expense 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. In this case the tax is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising, except where the timing of the reversal of the temporary difference is controlled by the company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amounts paid by, or amounts received by, the company in respect of group relief that represent the tax benefit surrendered/received are recorded as an income tax expense/credit in the statement of comprehensive income. Where the amounts paid by, or amounts received by, the company exceed the tax benefit surrendered/received, the excess is recorded directly in equity as a movement in other comprehensive income.

Grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the company will comply with all attached conditions. Grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate. Grants relating to property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected useful economic lives of the related assets.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the company's activities. Revenue is shown net of value-added tax. The company administers clinical trials on behalf of third parties that includes a number of performance obligations as part of delivery the integrated service.

The company has four key revenue streams being manufacturing services, storage and distribution services, procurement services and project management services. The company's performance obligations and revenue recognition policy for each revenue stream is noted below.

a) Manufacturing services

The company provides manufacturing services of drugs for clinical trials on behalf of third parties. For these contracts, the performance obligation meets the criteria to be recognised over time as the company has the right to receive payment.

b) Storage and distribution services

For contracts with storage and distribution services, the performance obligation meets the criteria to be recognised over time as the customer simultaneously receives and consumes the benefits as performance progresses.

c) Procurement services

The company undertakes procurement services on behalf of third parties. These are treated as separate performance obligations as the customer can benefit from each separately and they are separate promises within the contracts. As the company has the right to receive payment as the contract progresses revenue is recognized over time.

d) Project management services

The company carries out project management services on a variety of contracts. The performance obligation is the completion of these services. These services meet the criteria to be recognised over time as the customer simultaneously receives and consume the benefits as performance progresses.

Foreign currency translation

Items included in the financial statements of each of the company's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in UK pound sterling, which is the company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within administrative expenses.

Pension obligations

The company operates a defined contribution plan for employees whereby the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Leases

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the company under residual value guarantees;
- the exercise price of a purchase option if the company is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the company:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the company, which does not have recent third-party financing.
- makes adjustments specific to the lease, e.g., term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

The company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the company revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Notes to the financial statements for the year ended 30 September 2022 (continued)

1 Accounting policies (continued)

Share-based payments

The company issues cash-settled phantom share-based payments to certain employees of the company for their services to the company. The company accounts for these phantom share based payments as cash-settled phantom share-based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities. The fair values of these payments are measured at each reporting date, in line with the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

Critical estimates/judgements

There are no critical estimates or judgements within the financial statements.

Notes to the financial statements for the year ended 30 September 2022 (continued)

2 Financial risk management

Financial risk factors

The company's operations expose it to a variety of financial risks that include the effects of changes in market prices, (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The company has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the company by monitoring the foregoing risks.

(a) **Market risk**

(i) Foreign exchange risk

While the greater part of the company's revenues and expenses are denominated in UK pound sterling, the company is exposed to foreign exchange risk in the normal course of business. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities the company uses forward contracts.

If the US dollar had weakened / strengthened by 10% against the UK pound sterling spot rate on 30 September with all other variables held constant, the financial statements would have been impacted as follows:

	2022		2021	
	Impact on post-tax profits £	**Impact on equity £**	Impact on post-tax profits £	Impact on equity £
US dollar weakens by 10% against UK pound	**(2,071,083)**	**(2,071,083)**	(1,325,303)	(1,325,303)
US dollar strengthens by 10% against UK pound	**2,531,324**	**2,531,324**	1,619,815	1,619,815

If the EUR dollar had weakened / strengthened by 10% against the UK pound sterling spot rate on 30 September with all other variables held constant, the financial statements would have been impacted as follows:

	2022		2021	
	Impact on post-tax profits £	**Impact on equity £**	Impact on post-tax profits £	Impact on equity £
EUR weakens by 10% against UK pound	**306,802**	**306,802**	414,801	414,801
EUR strengthens by 10% against UK pound	**(374,980)**	**(374,980)**	(506,979)	(506,979)

(ii) Cash flow interest rate risk

The company's interest rate risk arises mainly from amounts owed by group undertakings.

If average interest rates over the year had increased/decreased by 1% with all other variables held constant, the financial statements would have been impacted as follows:

	2022		2021	
	Impact on post-tax profits £	**Impact on equity £**	Impact on post-tax profits £	Impact on equity £
Interest rates increase by 1%	**2,488,194**	**2,488,194**	2,227,505	2,227,505
Interest rates decrease by 1%	**(2,488,194)**	**(2,488,194)**	(2,227,505)	(2,227,505)

Notes to the financial statements for the year ended 30 September 2022 (continued)

2 Financial risk management (continued)

(b) Credit risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. Credit control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The amount of exposure to individual customers is subject to limits, which are reassessed regularly. Credit risk also arises from cash and cash payments with banks and financial institutions.

(c) Liquidity risk

The company projects cash flow requirements as part of its annual budget setting process. Cash requirements are monitored dynamically by the company's ultimate parent undertaking, with resources deployed to the company as required.

3 Capital management

The company is a subsidiary of Almac Group Limited, whose objectives when managing capital are to safeguard the group and company's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. For further details, refer to the report and financial statements for Almac Group Limited.

4 Revenue

Revenue is attributable to the group's principal activities carried out in the United Kingdom, the United States of America, Asia and the Republic of Ireland.

Timing of revenue is as follows:

	2022	2021
	£	£
Over time	**253,206,015**	208,588,351

Disaggregation of revenue by geographical region is as follows:

	2022	2021
	£	£
United Kingdom	**207,197,285**	166,162,486
Europe	**5,664,408**	5,626,610
United States	**35,305,345**	32,644,915
Other	**5,038,977**	4,154,340
	253,206,015	208,588,351

Notes to the financial statements for the year ended 30 September 2022 (continued)

5 Expenses by nature

	2022	2021
	£	£
Change in inventory of work in progress	(37,354)	(6,239)
Raw materials and consumables used	132,839,747	109,296,567
Employee benefit expense - net of capitalised software development costs (note 7)	48,792,668	40,544,523
Depreciation and amortisation (notes 9 & 10)	7,623,189	7,070,713
Depreciation on right of use assets (note 11)	1,361,942	708,883
Expense on short term leases	1,065	206,427
Transfer from capital grant reserve (note 20)	(370,510)	(517,544)
Other expenses	33,733,688	28,134,173
Total cost of sales, distribution costs and administrative expenses	223,944,435	185,437,503

*Other expenses of £33,733,689 (2021: £28,134,173) are stated after the deduction of £45,094 (2021: nil) of research and development tax credits.

Services provided by the auditors and network firms

During the year the company obtained the following services from the auditors at costs as detailed below:

	2022	2021
	£	£
Fees payable to the company's auditors for the audit	40,975	30,600
Fees payable to company's auditors for other services:		
- taxation compliance services	5,318	4,125
	46,293	34,725

6 *Finance income - net*

	2022	2021
	£	£
Interest expense:		
Interest payable to group undertakings	-	(2)
Interest payable on IFRS 16 Leases	(166,947)	(124,866)
Finance costs	(166,947)	(124,868)
Interest income:		
Interest receivable on bank borrowings	270	-
Interest receivable from group undertakings	7,405,992	4,766,689
Other finance income	-	6,442
Finance income	7,406,262	4,773,131
Finance income - net	7,239,315	4,648,263

Notes to the financial statements for the year ended 30 September 2022 (continued)

7 Employees and directors

	2022	2021
	£	£
Staff costs during the year:		
Wages and salaries	**42,879,903**	35,473,201
Social security costs	**4,003,722**	3,237,898
Other pension costs (note 24)	**1,766,169**	1,539,423
Share based payment costs (note 26)	**580,178**	780,555
	49,229,972	41,031,077

The staff costs above include £ 437,304 (2021: £486,554) of capitalised labour.

Average monthly number of persons employed (including directors) during the year by activity:	2022 Number	2021 Number
Production	**1,101**	1,012
Sales and marketing	**60**	56
Administration	**35**	33
Research & development	**9**	-
	1,205	1,101

	2022	2021
Key management compensation	£	£
Salaries and other short term employee benefits	**1,064,493**	931,180
Pension costs - defined contribution plans	**10,000**	10,000
	1,074,493	941,180

The key management figures given above include directors.

	2022	2021
Directors	£	£
Aggregate emoluments	**756,119**	713,614
Pension costs – defined contribution plans	**10,000**	10,000
Amounts received in respect of share based payments	**179,533**	107,346
	945,652	830,960

In addition to the above, certain directors' remuneration is borne by other group undertakings. The directors do not believe it is practicable to apportion this amount between their services as directors of the company and their services as directors of fellow group undertakings. Directors' remuneration is disclosed in the financial statements of the ultimate parent undertaking.

Two directors (2021: two) have retirement benefits accruing under a defined contribution plan. Two directors (2021: two) have exercised phantom share options in the year.

	2022	2021
Highest paid director	£	£
Aggregate emoluments	**532,265**	466,880
	532,265	466,880

The highest paid director exercised phantom share options in 2022 and 2021.

Notes to the financial statements for the year ended 30 September 2022 (continued)

8 Income tax expense

	2022	2021
	£	£
Current tax		
UK corporation tax - current year	**6,462,179**	5,209,559
- adjustment in respect of previous periods	**42,479**	(66,569)
Total current tax	**6,504,658**	5,142,990
Deferred tax		
Origination and reversal of temporary differences	**400,877**	91,284
Changes in tax laws and rates	**123,049**	1,102,838
Adjustment in respect of previous periods	**(53,850)**	53,690
Total deferred tax	**470,076**	1,247,812
Income tax expense	**6,974,734**	6,390,802

The tax on the company's profit before income tax differs from (2021: differs from) the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

	2022	2021
	£	£
Profit before income tax	**36,500,895**	27,799,111
Profit before income tax at the UK standard rate of 19% (2021: 19%)	**6,935,170**	5,281,831
Effects of:		
Expenses not deductible for tax purposes	**154,708**	154,563
Changes in tax laws and rates	**123,049**	1,102,838
Super deduction	**(166,654)**	(49,380)
Capital grants not taxable	**(60,168)**	(86,171)
Adjustment in respect of previous periods - current tax	**(11,371)**	(66,569)
Adjustment in respect of previous periods - deferred tax	**-**	53,690
Income tax expense	**6,974,734**	6,390,802

Factors affecting tax rate

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

Notes to the financial statements for the year ended 30 September 2022 (continued)

9 Intangible assets

	Computer software £
Cost	
At 1 October 2020	44,073,727
Additions	3,054,375
At 30 September 2021	47,128,102
Additions	4,913,154
At 30 September 2022	**52,041,256**
Accumulated amortisation	
At 1 October 2020	27,319,177
Charge for the year	4,855,764
At 30 September 2021	32,174,941
Charge for the year	5,209,790
At 30 September 2022	**37,384,731**
Net book amount	
At 30 September 2022	**14,656,525**
At 30 September 2021	14,953,161
At 30 September 2020	16,754,550

Amortisation is included within administrative expenses in the income statement.

Notes to the financial statements for the year ended 30 September 2022 (continued)

10 Property, plant and equipment

	Land and buildings £	Assets in course of construction £	Plant and machinery £	Fixtures, fittings and computer equipment £	Total £
Cost					
At 1 October 2020	37,489,909	292,651	17,745,711	13,409,052	68,937,323
Transfers	-	(342,136)	342,136	-	-
Additions	883,282	306,941	1,060,322	665,205	2,915,750
At 30 September 2021	38,373,191	257,456	19,148,169	14,074,257	71,853,073
Additions	1,119,798	138,715	3,507,891	668,901	5,435,305
At 30 September 2022	**39,492,989**	**396,171**	**22,656,060**	**14,743,158**	**77,288,378**
Accumulated depreciation					
At 1 October 2020	8,039,197	-	14,380,049	11,337,754	33,757,000
Charge for the year	748,677	-	800,823	665,449	2,214,949
At 30 September 2021	8,787,874	-	15,180,872	12,003,203	35,971,949
Charge for the year	781,497	-	969,738	662,164	2,413,399
At 30 September 2022	**9,569,371**	**-**	**16,150,610**	**12,665,367**	**38,385,348**
Net book amount					
At 30 September 2022	**29,923,618**	**396,171**	**6,505,450**	**2,077,791**	**38,903,030**
At 30 September 2021	29,585,317	257,456	3,967,297	2,071,054	35,881,124
At 30 September 2020	29,450,712	292,651	3,365,662	2,071,298	35,180,323

Depreciation is included within administrative expenses in the income statement.

The company's property, plant and equipment are pledged as security.

Notes to the financial statements for the year ended 30 September 2022 (continued)

11 Rights of use assets

	Buildings £	Fixtures, fittings and computer equipment £	Motor vehicles £	Total £
Cost				
At 1 October 2020	3,921,372	155,299	60,999	4,137,670
Additions	4,041,245	-	-	4,041,245
At 30 September 2021	7,962,617	155,299	60,999	8,178,915
Additions	531,383	-	28,863	560,246
At 30 September 2022	**8,494,000**	**155,299**	**89,862**	**8,739,161**
Accumulated depreciation				
At 1 October 2020	526,177	39,454	16,095	581,726
Charge for the year	650,147	40,747	17,989	708,883
At 30 September 2021	1,176,324	80,201	34,084	1,290,609
Charge for the year	1,305,092	39,641	17,209	1,361,942
At 30 September 2022	**2,481,416**	**119,842**	**51,293**	**2,652,551**
Net book value				
At 30 September 2022	**6,012,584**	**35,457**	**38,569**	**6,086,610**
At 30 September 2021	6,786,293	75,098	26,915	6,888,306
At 30 September 2020	3,395,195	115,845	44,904	3,555,944

The total cash outflow for leases in 2022 was £1,427,636 (2021: £814,782).

The right-of-use assets consist of:

- buildings for warehouse space, offices and manufacturing facilities. Lease terms range from 4 to 20 years.
- fixtures, fittings and computer equipment are insignificant to the total leased assets portfolio.
- motor vehicles are insignificant to the total leased assets portfolio.

Please see note 17 for details of corresponding lease liabilities.

Notes to the financial statements for the year ended 30 September 2022 (continued)

12 Investment in subsidiaries

	£
Cost	
At 1 October 2020, at 30 September 2021 and at 30 September 2022	49,664,111
Amounts written off	
At 1 October 2020, at 30 September 2021 and at 30 September 2022	49,654,111
Net book amount	
At 30 September 2022	**10,000**
At 30 September 2021	10,000
At 30 September 2020	10,000

The company's principal subsidiaries are as below. The registered office is Almac House, 20 Seagoe Industrial Estate, Craigavon, County Armagh, BT63 5QD.

Name	Country of incorporation	Principal activities	Share ownership	% Class
Napsco Limited	Northern Ireland	Dormant	100	Ordinary
CTS Analytical Limited	Northern Ireland	Dormant	100	Ordinary

Notes to the financial statements for the year ended 30 September 2022 (continued)

13 Inventories

	2022	2021
	£	£
Raw materials	200,599	564,536
Work in progress	95,645	58,291
	296,244	622,827

The cost of inventories recognised as expense and included in cost of sales amounted to £132,802,393 (2021: £109,290,328).

The company did not recognise any write down of inventory during the year (2021: £nil).

14 Trade and other receivables

	2022	2021
	£	£
Amounts falling due within one year:		
Trade receivables	37,355,971	28,263,709
Less: provision for impairment of receivables	(644,570)	(703,415)
Trade receivables (net)	36,711,401	27,560,294
Amounts owed by group undertakings (note 27)	272,715,031	240,559,812
Other receivables	1,511,472	542,214
Prepayments and accrued income	5,696,665	4,481,746
	316,634,569	273,144,066

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

The fair values of trade and other receivables are not materially different from their carrying values. For the purposes of IFRS 9 "Financial instruments" all of the company's trade and other receivables are classified as measured at amortised cost. The carrying amount of the company's trade and other receivables are denominated in the following currencies:

	2022	2021
	£	£
Currency		
UK pound	295,018,062	258,584,842
US dollar	16,764,667	9,308,824
Euro	4,515,219	5,071,345
SG Dollar	336,621	179,055
	316,634,569	273,144,066

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable above. Trade receivables impaired and the amount of the impairment provision at 30 September 2022 was £644,570 (2021: £703,415).
Movements on the provision for impairment of trade receivables are as follows:

	2022	2021
	£	£
At 1 October	703,415	490,687
Charged/(credited) to the income statement	151,749	235,032
Receivables written off during the year as uncollectable	(210,594)	(22,304)
At 30 September	644,570	703,415

The creation and release of provision for impaired receivables have been included in administrative expenses in the Income Statement.

Notes to the financial statements for the year ended 30 September 2022 (continued)

14 Trade and other receivables (continued)

The company has recognised the following assets relating to contracts with customers (these are all included with accrued income), the increase year on year is due to the timing of performing work at the year end:

	2022	2021
	£	£
Contract assets recognised at start of the year	2,689,489	1,858,162
Revenue recognised in prior periods that was invoiced in the current year	(2,689,489)	(1,858,162)
Amounts recognised in revenue in the current year that will be invoiced in future periods	4,641,773	2,689,489
Balance at the end of the year	**4,641,773**	2,689,489

Contract assets are expected to be invoiced in the year to 30 September 2023.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. The company has concluded that the expected credit loss results in a provision being recognised of £664,570 (2021: £703,415).

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 30 September and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. On that basis, the loss allowance as at 30 September 2022 was deemed to be not materially different to that provision carried under IAS 39. The default rate on receivables is less than 1%. Receivables are generally due for settlement within 30 days and are therefore all classified as current and are within credit terms.

The company applies the practical expedient in IFRS 9 (which allows the company to measure impairment using the 12 month Expected Credit Loss model) in respect of amounts owed by group undertakings, for those balances that meet the following requirements:

- it has a low risk of default;
- the counterparty is considered, in the short term, to have a strong capacity to meet its obligations in the near term; and
- the company expects, in the longer term, that adverse changes in economic and business conditions might, but will not necessarily, reduce the ability of the counterparty to fulfil its obligations.

For those balances where there is a higher risk of default the company follows the 3-stage approach within IFRS 9 to determine lifetime expected credit losses.

15 Cash and cash equivalents

	2022	2021
	£	£
Bank overdrafts (note 17)	-	(76,943)
Cash at bank and in hand	12,901	-
	12,901	(76,943)

Notes to the financial statements for the year ended 30 September 2022 (continued)

16 Trade and other payables

	2022	2021
	£	£
Trade payables	12,513,972	8,623,438
Amounts owed to group undertakings (note 27)	17,837,810	8,510,888
Group relief payable (note 27)	2,557,529	5,156,970
Other tax and social security	1,079,447	966,444
Other creditors	8,450,014	7,440,616
Accruals and deferred income	13,824,034	12,415,545
	56,262,806	43,113,901

Amounts owed to group undertakings are unsecured and repayable on demand.

The fair values of trade and other payables are not materially different from their carrying value as the impact of discounting is not significant.

For the purposes of IFRS 9, the financial liabilities noted above are classified as measured at amortised cost.

There is no difference between the amounts shown above and the total contractual undiscounted cash flows of trade and other payables.

The company has recognised the following liabilities relating to contracts with customers (these are all included with deferred income):

	2022	2021
	£	£
Contract liabilities recognised at start of the year	5,260,815	2,692,189
Amounts invoiced in prior periods recognised as revenue in the current year	(5,225,636)	(2,692,189)
Amounts invoiced in the current period which will be recognised as revenue in later years	856,937	5,260,815
Balance at the end of the year	892,116	5,260,815

Contract liabilities are expected to be recognised as revenue within 12 months of the period end.

17 Borrowings

	2022	2021
Current	£	£
Amounts owed to other related parties (note 27)	100,000	100,000
Bank overdrafts	-	76,943
Lease liabilities arising from IFRS 16	1,382,596	1,335,313
Total	1,482,596	1,512,256
Non-Current		
Lease liabilities arising from IFRS 16	5,023,025	5,770,751
Total current and non-current borrowings	6,505,621	7,283,007

The fair value of borrowings equals their carrying amount as the impact of discounting is not significant.

Amounts owed to other related parties consist of a loan from CTS Analytical Limited with an interest at 1.5% above base rate. It is expected to be settled within the next financial year.

For the purposes of IFRS 9, the financial liabilities noted above are classified as measured at amortised cost.

Notes to the financial statements for the year ended 30 September 2022 (continued)

17 Borrowings (continued)

The carrying amount of the company's borrowings is denominated in the following currencies:

	2022	2021
	£	£
UK Pound	**3,080,819**	3,750,926
Euro	**3,424,802**	3,532,081
	6,505,621	7,283,007

The effective interest rates at the balance sheet date were as follows:

Bank overdrafts	**4,35%**	2.10%

The maturity profile of the carrying amount of non-current borrowings at 30 September was as follows:

	Lease liabilities arising from IFRS 16	Total 2022
	£	£
In more than 1 year but not more than 2 years	**1,340,400**	**1,340,400**
In more than 2 years but not more than 5 years	**3,127,625**	**3,127,625**
In more than 5 years	**555,000**	**555,000**
	5,023,025	**5,023,025**

	Lease liabilities arising from IFRS 16	Total 2021
	£	£
In more than 1 year but not more than 2 years	1,363,238	1,363,238
In more than 2 years but not more than 5 years	3,777,234	3,777,234
In more than 5 years	630,279	630,279
	5,770,751	5,770,751

The amounts included in the tables below are the contractual undiscounted cash flows of current and non-current borrowings.

	Amounts owed to group undertakings	Lease liabilities arising from IFRS 16	Total 2022
	£	£	£
Less than 1 year	**100,000**	**1,611,822**	**1,711,822**
In more than 1 year but not more than 2 years	**-**	**1,516,657**	**1,516,657**
In more than 2 years but not more than 5 years	**-**	**3,367,262**	**3,367,262**
In more than 5 years	**-**	**608,101**	**608,101**
	100,000	**7,103,842**	**7,203,842**

Notes to the financial statements for the year ended 30 September 2022 (continued)

17 Borrowings (continued)

The amounts included in the tables below are the contractual undiscounted cash flows of current and non-current borrowings.

	Amounts owed to group undertakings £	Lease liabilities arising from IFRS 16 £	Total 2021 £
Less than 1 year	100,000	1,501,807	1,601,807
In more than 1 year but not more than 2 years	-	1,494,750	1,494,750
In more than 2 years but not more than 5 years	-	3,966,578	3,966,578
In more than 5 years	-	699,148	699,148
	100,000	7,662,283	7,762,283

Notes to the financial statements for the year ended 30 September 2022 (continued)

18 Deferred income tax liabilities

The gross movement on the deferred income tax account is as follows:

	2022	2021
	£	£
At 1 October	4,569,748	3,321,936
Charged to the income statement	470,076	1,247,812
At 30 September	**5,039,824**	4,569,748

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax assets/(liabilities)	Other temporary differences £	Accelerated capital allowances £	Total £
At 1 October 2020	363,351	(3,685,287)	(3,321,936)
Credited/(charged) to the income statement	258,682	(1,506,494)	(1,247,812)
At 30 September 2021	622,033	(5,191,781)	(4,569,748)
Credited/(charged) to the income statement	94,369	(564,445)	(470,076)
At 30 September 2022	**716,402**	**(5,756,226)**	**(5,039,824)**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2022	2021
	£	£
Deferred tax assets		
- to be received after more than 12 months	**716,402**	622,033
Deferred tax liabilities		
- to be received after more than 12 months	**(5,756,226)**	(5,191,781)
Deferred tax liabilities – net	**(5,039,824)**	(4,569,748)

19 Other non-current liabilities

	2022	2021
	£	£
Accruals and deferred income	**1,636,054**	1,517,985

The fair value of other non-current liabilities equals their carrying amount as the impact of discounting is not significant.

Maturity of non-current liabilities

	2022	2021
	£	£
In more than one year but not more than two years	**685,140**	644,912
In more than two years but not more than five years	**950,914**	873,073
	1,636,054	1,517,985

Notes to the financial statements for the year ended 30 September 2022 (continued)

20 Deferred income

Government grants	£
At 1 October 2020	3,482,817
Released to the income statement	(517,544)
At 30 September 2021	2,965,273
Released to the income statement	(370,510)
At 30 September 2022	**2,594,763**

	2022	2021
Current	£	£
Amounts to be released within 1 year	**268,105**	370,510
Total current element of deferred income	**268,105**	370,510
Non-Current		
Amount to be release greater than 1 year	**2,326,658**	2,594,763
Total non-current element of deferred income	**2,326,658**	2,594,763
Total deferred income	**2,594,763**	2,965,273

Current element of deferred income £268,105 (2021: £370,511) to be released within less than 1 year is within accruals and deferred income in note 16.

21 Provision for liabilities and charges

Claims provision	£
At 1 October 2020	-
At 30 September 2021	-
Transfer from accruals and deferred income	893,239
At 30 September 2022	**893,239**

During the year it was identified that a provision of £893,239 was included within accruals and deferred income and has been reclassified as a provision in the financial statements.

22 Share capital

	2022	2021
	£	£
Allotted and fully paid		
53,723,734 (2021: 53,723,734) ordinary shares of £1 (2021: £1) each	**53,723,734**	53,723,734

Notes to the financial statements for the year ended 30 September 2022 (continued)

23 Cash generated from operations

Cash generated from operations

	2022	2021
	£	£
Profit before income tax	36,500,895	27,799,111
Adjustments for:		
Depreciation of property, plant and equipment	2,413,399	2,214,949
Depreciation of right of use assets	1,361,942	708,883
Amortisation of intangible assets	5,209,790	4,855,764
Release of capital grant	(370,510)	(888,054)
Finance income – net	(7,239,315)	(4,648,263)
Research and development tax credits	(575,346)	-
Movement in inventories	326,583	(269,066)
Movement in trade and other receivables	(14,060,191)	(1,277,353)
Movement in trade and other payables	19,327,470	2,542,500
Net cash generated from operations	42,894,717	31,038,471

Net debt as at 30 September 2022

	Related parties	Leases	Subtotal	Cash	Total
	£	£	£	£	£
Net debt as at 1 October 2020	(100,000)	(3,754,738)	(3,854,738)	2,472,937	(1,381,801)
Cash flows	-	814,782	814,782	(2,549,880)	(1,735,098)
Acquisitions - leases	-	(4,041,243)	(4,041,243)	-	(4,041,243)
Other changes	-	(124,865)	(124,865)	-	(124,865)
Net debt as at 30 September 2021	(100,000)	(7,106,064)	(7,206,064)	(76,943)	(7,283,007)
Cash flows	-	1,427,636	1,427,636	89,844	1,517,480
Acquisitions - leases	-	(560,246)	(560,246)	-	(560,246)
Other changes	-	(166,947)	(166,947)	-	(166,947)
Net debt as at 30 September 2022	**(100,000)**	**(6,405,621)**	**(6,505,621)**	**12,901**	**(6,492,720)**

24 Pension commitments

The company participates in a group defined contribution scheme for employees whereby the assets of the scheme are held separately from those of the group in an independently administered scheme.

Pension costs for the defined contribution scheme are as follows:

	2022	2021
	£	£
Defined contribution scheme	**1,766,169**	1,539,423

Amounts owed to the pension scheme as at 30 September 2022 totalled £324,875 (2021: £280,281).

25 Capital and other financial commitments

	2022	2021
	£	£
Contracts placed for future Intangible assets not provided in the financial statements	**6,915,956**	-

26 Contingent liabilities

There exists a contingent liability to repay certain capital and revenue grants received from Invest Northern Ireland if certain conditions are not met. The directors do not anticipate any repayment falling due under the terms on which the grants were received as there are no unfulfilled conditions.

The company is party to an unlimited inter-company cross company guarantee in relation to group banking facilities in the United Kingdom.

Notes to the financial statements for the year ended 30 September 2022 (continued)

27 Share based payments

The company operates a phantom share scheme whereby share awards are granted to directors and senior management employees. The share award is granted for £nil consideration, and is conditional on the director or employee continuing in employment for a period of three years from the date of the share award is made, which is the first of January, following the financial year end. The company accounts for these share awards as cash-settled share-based payments which are measured at fair value and recognised as an expense in the income statement with a corresponding increase in liabilities. The fair values of these payments are measured at each reporting date, in line with the terms and conditions upon which the awards are granted. The fair value is recognised over the period during which employees become unconditionally entitled to the awards, subject to the company's estimate of the number of awards which will lapse due to employees leaving the company prior to vesting. The total amount recognised in the income statement as an expense is adjusted to reflect the actual amount of awards that are expected to vest, except where forfeiture is due to employee's termination of contract.

Share awards are exercisable from the first of January, three years following the award date. The share award is exercisable at the share price as determined by professional qualified valuers at the end of financial year when the share is exercisable, and all share awards are cash settled.

The fair value of each share award granted and the assumptions used in the calculation are as follows:

Grant date	**September 2022**	September 2021
Share price at grant date	**£2.050**	£1.300
Number of employees	**20**	21
Share awards	**135,233**	211,146
Vesting period (years)	**4***	4*
Option life (years)	**4**	4
Expected life (years)	**4**	4
Fair value	**£2.050**	£1.300

*The vesting period is four years which is made up of the three years from the date of issue plus the year of service incurred in order to be eligible for the award.

The fair value of share awards granted during the year was £2.050 (2021: £1.300).

Movements in the number of share awards outstanding are as follows:

	2022	2021
	Number	Number
Outstanding at 1 October	**711,664**	771,772
Granted	**135,233**	211,146
Forfeited	**-**	(19,187)
Exercised	**(279,695)**	(252,067)
Outstanding at 30 September	**567,202**	711,664
Exercisable on 1 January 2023/2022	**238,668**	258,057

The weighted average share price of share awards exercised in the year was £2.050 (2021: £1.300).

Notes to the financial statements for the year ended 30 September 2022 (continued)

26 Share based payments (continued)

Share awards outstanding at the end of the year have the following expiry dates:

	2022 Number	2021 Number
2022	-	258,057
2023	238,668	247,847
2024	198,231	205,760
2025	130,303	-
	567,202	711,664

The total expense recognised in the income statement was £580,178 (2021: £780,555). The year-end liability is £1,466,692 (2021: £1,447,895).

28 Ultimate controlling party and related party transactions

The immediate parent undertaking of the company is Almac Group (UK) Limited.

The ultimate parent undertaking and the largest and smallest group of undertakings of which the company is a member and for which group financial statements are prepared is Almac Group Limited, a company incorporated in Northern Ireland. The registered office of Almac Group Limited is Almac House, 20 Seagoe Industrial Estate, Craigavon, BT63 5QD. Copies of the group financial statements are available from Companies Registry.

During the period the ultimate controlling parties were A D Armstrong, S Campbell, C Hayburn, and J W Irvine.
From 1 January 2023, the ultimate controlling parties are A D Armstrong, S Campbell and J W Irvine.

Transactions entered into during the year and year end balances with companies within Almac Group Limited were as follows:

Transactions	2022 £	2021 £
Transactions with the parent undertaking		
Interest receivable from group undertakings	7,405,992	4,766,689
Interest payable to group undertakings	-	2
Management charge paid	19,381,018	16,108,702
Transactions with other group undertakings		
Sales to group undertakings	73,384,673	56,264,628
Purchases from group undertakings	56,119,926	47,795,650

Balances	2022 £	2021 £
Amounts owed by parent undertaking	263,663,340	234,210,978
Amounts owed by fellow group undertaking	9,051,691	6,348,834
Amounts owed to parent undertaking	(6,237,125)	(3,108,670)
Amounts owed to fellow group undertakings	(7,031,185)	(5,402,218)
Amounts owed to related parties	(100,000)	(100,000)
Group relief payable - net	(7,127,029)	(5,156,970)

Details of balances owed by and to group undertakings and related parties are disclosed in notes 14, 16 and 17 respectively.

Details of interest payable and receivable on balances held with related parties are disclosed in note 6.