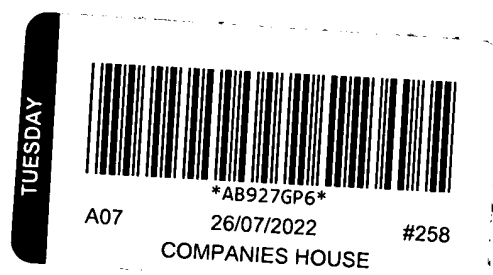


Carbosynth Limited

Registered number: 05771788

Directors' report and financial statements

For the year ended 31 December 2021



CARBOSYNTH LIMITED

COMPANY INFORMATION

Directors	P Dawes V Gibson J Kuepper P Meili B Rogers U Spitz V Eastwick-Field (resigned 14 January 2021)
Company secretary	P J Dawes
Registered number	05771788
Registered office	8 & 9 Old Station Business Park Compton Newbury Berkshire RG20 6NE
Independent auditors	Mazars LLP Chartered Accountants & Statutory Auditor 90 Victoria Street Bristol BS1 6DP

CARBOSYNTH LIMITED

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CARBOSYNTH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Introduction

The principal activity of the company continues to be synthesis and sale of chemical products used for research, development and mature applications. The key product areas for the company are carbohydrates, nucleosides, fine chemicals and biologically active entities. The business splits into 4 key sectors: catalogue sales, key accounts, lab-scale custom synthesis and project work. The customer base is varied; the important sectors are academia, life science and diagnostics.

Business review

The results for the year show the total revenue at £17,199k (2020: £18,006k), a 4% decrease compared to the prior year and EBITDA of £26k (2020: £1,155k). All sectors of the Carbosynth business performed well during the unprecedented disruption arising from the Covid-19 pandemic. Various measures have been put in place to minimize the risk to the employees of the company in line with government guidance. The Company has remained resilient to the impact of Covid-19 and demand for products continues to be high.

The company has a multifaceted approach to sourcing at all scales which helps the company meet the demands of its customers through a combination of own manufacture, including in the joint venture in Carbotang, tech transfer to contract manufacturers, third party supply agreements and outsourcing. The operations in the group company, Carbosynth China Limited, provides an extensive outsourcing service with a team of 81 staff actively working to manage the supply chain from this territory.

The US territory is a key target for growth and the company continues to transfer business to the wholly owned US arm of the group to increase its independence from UK operations and provide excellent local service to the Biosynth Group's US customers.

Principal risks and uncertainties

Credit risk is mitigated by using credit agencies and in 2017 we adopted a more prescriptive approach when proving credit terms to new customers. We monitor ongoing accounts and manage overdue accounts actively.

Cybercrime and fraud are becoming more pervasive and in 2019 we updated our IT security review, bringing additional measures to counteract this threat. In addition, we run regular internal awareness workshops to ensure staff are vigilant and aware of this evolving threat.

The company operates internationally which includes territories where there is both political and economic uncertainty. The movement in foreign currencies does affect our business although as we make both sales and purchases in foreign currencies, so a natural hedge exists.

The pandemic continues to be a concern. The Directors are aware of the challenges and have elaborated a concept to mitigate any further negative impact. Sales resources have been increased and the start of 2021 has been very promising.

The Directors have considered the financial position of the Company and have concluded that it remains a going concern.

Future developments

The company has 2 divisions, Research Products and Pharmaceutical & Diagnostic Products. Both divisions are strong and will continue to grow. The Pharmaceutical & Diagnostic Products division we expect to grow more over the coming years due to the pandemic, we have recently built a new well equipped Laboratory on site that can cope with the rising demand.

CARBOSYNTH LIMITED

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021

Going concern

The Directors have considered the financial position of the Company and have concluded that it remains a going concern. This conclusion has been reached after future planning & budgeting has been compiled, taking into account the higher demand for products driven by the pandemic. The need for continued research of pharmaceutical and diagnostic products grows in spite of the pandemic, although the pandemic has driven this to a higher level than expected.

Financial key performance indicators

Some of the Company's KPIs during the year were as follows:

	2021	2020	2019	2018
Turnover (£'000's)	17,199	18,006	19,599	15,308
EBITDA (£'000's)	26	1,155	381	697
Stock (£'000's)	3,258	2,542	3,291	2,161
Stock lines	22,464	20,856	19,460	16,898

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

Patrick Meili

Patrick Meili (Jul 21, 2022 18:35 GMT+2)

P Meili

Director

Date: Jul 21, 2022

CARBOSYNTH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make 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 keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the year, after taxation, amounted to £224,672 (2020 - profit £740,295).

No dividends were declared in the year.

Directors

The directors who served during the year were:

P Dawes
V Gibson
J Kuepper
P Meili
B Rogers
U Spitz
V Eastwick-Field (resigned 14 January 2021)

Future developments

Further details of the Company's future strategy can be found in the Strategic report.

CARBOSYNTH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2021**

Disclosure of information to auditors

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

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

Post balance sheet events

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

Auditors

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

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

Patrick Meili
Patrick Meili (Jul 21, 2022 18:35 GMT+2)

P Meili
Director

Date: Jul 21, 2022

CARBOSYNTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARBOSYNTH LIMITED

Opinion

We have audited the financial statements of Carbosynth Limited (the 'Company') for the year ended 31 December 2021 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

CARBOSYNTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARBOSYNTH LIMITED

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

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

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

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors intend either to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

CARBOSYNTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARBOSYNTH LIMITED

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the company and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation, non-compliance with implementation of government support schemes relating to COVID-19.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the company is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the company which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, pension legislation, the Companies Act 2006.

In addition, we evaluated the directors' and 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 manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, revenue recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

CARBOSYNTH LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CARBOSYNTH LIMITED

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

Use of the audit report

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



Jonathan Marchant (Senior statutory auditor)
for and on behalf of
Mazars LLP
Chartered Accountants and Statutory Auditor
90 Victoria Street
Bristol
BS1 6DP

Date: Jul 22, 2022

CARBOSYNTH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Turnover	4	17,199,451	18,006,127
Cost of sales		(9,424,825)	(9,768,560)
Gross profit		7,774,626	8,237,567
Administrative expenses		(8,494,654)	(7,900,238)
Operating (loss)/profit	5	(720,028)	337,329
Gain on disposal of investments		453,456	501,578
Interest receivable and similar income	9	12,197	12,441
Interest payable and similar expenses	10	(7,635)	(1,018)
(Loss)/profit before tax		(262,010)	850,330
Tax on (loss)/profit	11	37,338	(110,035)
(Loss)/profit for the financial year		(224,672)	740,295

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 12 to 29 form part of these financial statements.

CARBOSYNTH LIMITED
REGISTERED NUMBER: 05771788

BALANCE SHEET
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	211,633	201,823
Tangible assets	13	1,188,743	1,226,192
Investments	14	2,324,941	770,000
		<u>3,725,317</u>	<u>2,198,015</u>
Current assets			
Stocks	15	3,257,596	2,541,844
Debtors: amounts falling due within one year	16	4,546,756	4,888,468
Cash at bank and in hand	17	574,692	450,830
		<u>8,379,044</u>	<u>7,881,142</u>
Creditors: amounts falling due within one year	18	(8,466,330)	(6,179,116)
Net current (liabilities)/assets		<u>(87,286)</u>	<u>1,702,026</u>
Total assets less current liabilities		<u>3,638,031</u>	<u>3,900,041</u>
Provisions for liabilities			
Deferred tax	20	(154,527)	(191,865)
		<u>(154,527)</u>	<u>(191,865)</u>
Net assets		<u><u>3,483,504</u></u>	<u><u>3,708,176</u></u>
Capital and reserves			
Called up share capital	21	2,000	2,000
Share premium account	22	619,117	619,117
Profit and loss account	22	2,862,387	3,087,059
		<u>3,483,504</u>	<u>3,708,176</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on Jul 21, 2022

Patrick Meili
Patrick Meili (Jul 21, 2022 18:35 GMT+2)

P Meili
Director

The notes on pages 12 to 29 form part of these financial statements.

CARBOSYNTH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
At 1 January 2020	2,000	619,117	2,346,764	2,967,881
Comprehensive income for the year				
Profit for the year	-	-	740,295	740,295
Total comprehensive income for the year	-	-	740,295	740,295
At 1 January 2021	2,000	619,117	3,087,059	3,708,176
Comprehensive income for the year				
Loss for the year	-	-	(224,672)	(224,672)
Total comprehensive income for the year	-	-	(224,672)	(224,672)
At 31 December 2021	2,000	619,117	2,862,387	3,483,504

The notes on pages 12 to 29 form part of these financial statements.

CARBOSYNTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

1. General information

Carbosynth Limited is a private company limited by share capital and incorporated in England and Wales, registered number 05771788. The address of the registered office and principal place of business is 8 & 9 Old Station Business Park, Compton, Newbury, Berkshire, RG20 6NE.

The principal activity of the Company is the sale and distribution of chemical products.

2. Accounting policies

2.1 Basis of preparation of financial statements

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

The presentational currency of the financial statements is pound sterling which is the functional currency of the company and the financial statements are rounded to the nearest £. The financial information of the current period relates to the year ended 31 December 2021 and the comparative information relates to the year ended 31 December 2020.

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

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Biosynth Holding AG as at 31 December 2021 and these financial statements may be obtained from the Company's registered office.

2.3 Going concern

The Directors have considered the financial position of the Group and believe that the Group is currently a going concern. This conclusion is based primarily on budgets and forecasts prepared and the assumption that demand will continue at least at budgeted levels for the foreseeable future due to the continued need for research and pharmaceutical diagnostic products. Please see the Strategic report for further detail. Consequently, the financial statements have been prepared on a going concern basis.

CARBOSYNTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Consolidation

The Company is under section 400 of the Companies Act from the requirement to prepare consolidated financial statements, by virtue of the immediate parent company, Carbosynth Holdings Ltd, preparing consolidated financial statements within which the Company and its subsidiaries are included and which are publicly available.

2.5 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.6 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.8 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.9 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.10 Finance costs

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

2.11 Pensions**Defined contribution pension plan**

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

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

CARBOSYNTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Current and deferred taxation

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

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

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

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

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

2.13 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation charge for the year is included within administrative expenses in the Statement of Comprehensive Income.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Software	-	7	years
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2.14 Tangible fixed assets

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

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)**2.14 Tangible fixed assets (continued)**

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 20 years
Plant & machinery	- 10 years
Motor vehicles	- 4 years
Fixtures & fittings	- 12 years
Computer equipment	- 5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.16 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis. Work in progress and finished goods include labour and attributable overheads.

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

2.17 Debtors

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

2.18 Cash and cash equivalents

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

2. Accounting policies (continued)

2.19 Creditors

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

2.20 Financial instruments

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

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements and assumptions (apart from those involving estimates) have had the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

The key judgements and assumptions made by management in respect of revenue is the point at which that revenue should be recognised. Management consider the underlying contract terms and conclude upon the most appropriate point of the cycle at which to recognise revenue based upon these terms and in particular where the risks and rewards of ownership transfer.

Tangible fixed assets

Tangible fixed assets are depreciated over their useful lives, taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as the remaining life of the asset and projected disposal values.

Operating lease commitments

The Company has entered into commercial lease contracts as a lessee, to obtain use of property. The classification of such leases as operating or finance leases requires the group to determine, based on an evaluation of the terms and conditions of the arrangement, whether it retains or acquires the significant risks and rewards of ownership of the assets and accordingly whether the lease requires an asset and liability to be recognised in the Balance Sheet.

Provisions for stock losses

The Company has established a provision for loss or obsolescence in stock values. The estimate is made at each reporting date based on the sales history for each type of stock held.

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Sale and distribution of chemical products	17,199,451	18,006,127
	<u>17,199,451</u>	<u>18,006,127</u>

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	2,376,904	2,178,108
Rest of Europe	7,431,682	8,738,388
Rest of the world	7,390,865	7,089,631
	<u>17,199,451</u>	<u>18,006,127</u>

5. Operating (loss)/profit

The operating (loss)/profit is stated after charging:

	2021 £	2020 £
Research & development charged as an expense	2,380	800
Exchange differences	319,725	(184,829)
Other operating lease rentals	4,013	231,746
Depreciation of tangible fixed assets	164,758	170,497
	<u></u>	<u></u>

6. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	24,600	23,880
	<u></u>	<u></u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

7. Employees

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

	2021 £	2020 £
Wages and salaries	3,088,486	2,647,385
Social security costs	287,262	239,901
Cost of defined contribution scheme	99,050	87,102
	<u>3,474,798</u>	<u>2,974,388</u>

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

	2021 No.	2020 No.
Sales/distribution	32	32
Administration	33	27
Production	31	38
	<u>96</u>	<u>97</u>

8. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	127,475	100,564
Company contributions to defined contribution pension schemes	4,848	2,800
	<u>132,323</u>	<u>103,364</u>

During the year retirement benefits were accruing to 1 director (2020 - 1) in respect of defined contribution pension schemes.

9. Interest receivable

	2021 £	2020 £
Interest receivable from group companies	8,851	12,181
Other interest receivable	3,346	260
	<u>12,197</u>	<u>12,441</u>

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

10. Interest payable and similar expenses

	2021 £	2020 £
Bank interest payable	-	1,018
Loans from group undertakings	7,635	-
	<u>7,635</u>	<u>1,018</u>

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	-	(101,371)
Adjustments in respect of previous periods	-	(8,928)
Total current tax	<u>-</u>	<u>(110,299)</u>
Deferred tax		
Origination and reversal of timing differences	(29,694)	220,334
Adjustments in respect of prior periods	(51,857)	-
Effect of tax rate change on opening balance	44,213	-
Total deferred tax	<u>(37,338)</u>	<u>220,334</u>
Taxation on (loss)/profit on ordinary activities	<u>(37,338)</u>	<u>110,035</u>

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

The tax assessed for the year is higher than (2020 - lower than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
(Loss)/profit on ordinary activities before tax	(262,010)	850,330
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(49,782)	161,563
Effects of:		
Fixed asset differences	194	-
Expenses not deductible for tax purposes	27,423	-
Fixed asset differences	-	51,485
Adjustments to tax charge in respect of prior periods - current tax	-	(110,169)
Adjustments to tax charge in respect of prior periods - deferred tax	(51,857)	-
Remeasurement of deferred tax for changes in tax rates	37,087	-
Movement in deferred tax not recognised	(126,041)	-
Exempt ABGH distributions	(86,157)	-
Other differences leading to an increase (decrease) in the tax charge	-	4,917
Group relief	211,795	10,437
Deduction for R&D expenditure	-	(8,198)
Total tax charge for the year	(37,338)	110,035

Factors that may affect future tax charges

In May 2021 an increase in the main corporation tax rate to 25% was enacted, to be applied from 1 April 2023 onwards. Closing deferred tax balances have been adjusted to reflect this change in rate.

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

12. Intangible assets

	Patents £	Computer software £	Total £
Cost			
At 1 January 2021	113,814	210,465	324,279
Additions	-	49,329	49,329
At 31 December 2021	113,814	259,794	373,608
Amortisation			
At 1 January 2021	113,814	8,642	122,456
Charge for the year on owned assets	-	39,519	39,519
At 31 December 2021	113,814	48,161	161,975
Net book value			
At 31 December 2021	-	211,633	211,633
At 31 December 2020	-	201,823	201,823

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

13. Tangible fixed assets

	Freehold property £	Plant & machinery £	Motor vehicles £	Fixtures & fittings £	Computer equipment £	Total £
Cost or valuation						
At 1 January 2021	217,931	1,212,502	8,450	1,557,675	437,718	3,434,276
Additions	65,235	-	-	47,074	15,000	127,309
At 31 December 2021	<u>283,166</u>	<u>1,212,502</u>	<u>8,450</u>	<u>1,604,749</u>	<u>452,718</u>	<u>3,561,585</u>
Depreciation						
At 1 January 2021	122,028	1,082,366	8,450	597,739	397,501	2,208,084
Charge for the year on owned assets	7,319	22,592	-	102,124	32,723	164,758
At 31 December 2021	<u>129,347</u>	<u>1,104,958</u>	<u>8,450</u>	<u>699,863</u>	<u>430,224</u>	<u>2,372,842</u>
Net book value						
At 31 December 2021	<u>153,819</u>	<u>107,544</u>	<u>-</u>	<u>904,886</u>	<u>22,494</u>	<u>1,188,743</u>
At 31 December 2020	<u>95,903</u>	<u>130,136</u>	<u>-</u>	<u>959,936</u>	<u>40,217</u>	<u>1,226,192</u>

The net book value of land and buildings may be further analysed as follows:

	2021 £	2020 £
Freehold	153,819	95,903
	<u>153,819</u>	<u>95,903</u>

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

14. Fixed asset investments

	Investments in subsidiary companies £	Unlisted investments £	Total £
Cost or valuation			
At 1 January 2021	150,383	619,617	770,000
Additions	-	1,705,324	1,705,324
Disposals	(150,383)	-	(150,383)
At 31 December 2021	-	2,324,941	2,324,941

15. Stocks

	2021 £	2020 £
Raw materials	3,257,596	2,541,844
	<u>3,257,596</u>	<u>2,541,844</u>

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

16. Debtors

	2021 £	2020 £
Trade debtors	1,403,995	1,694,687
Amounts owed by group undertakings	1,946,102	2,196,365
Other debtors	365,076	558,170
Prepayments and accrued income	756,072	337,875
Tax recoverable	75,511	101,371
	<u>4,546,756</u>	<u>4,888,468</u>

17. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	574,692	450,830
	<u>574,692</u>	<u>450,830</u>

18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	832,096	735,922
Amounts owed to group undertakings	5,882,186	3,263,911
Other taxation and social security	70,158	73,102
Other creditors	133,366	58,069
Accruals and deferred income	1,548,524	2,048,112
	<u>8,466,330</u>	<u>6,179,116</u>

Bank overdrafts are secured against the assets of the company.

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

19. Financial instruments

	2021 £	2020 £
Financial assets		
Financial assets measured at fair value through profit or loss	574,692	2,515,380

Financial assets measured at fair value through profit or loss comprise cash at bank and unlisted investments.

20. Deferred taxation

	2021 £
At beginning of year	(191,865)
Charged to profit or loss	37,338
At end of year	(154,527)

The provision for deferred taxation is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(222,139)	(191,865)
Short term timing differences	42,199	-
Losses and other deductions	25,413	-
	(154,527)	(191,865)

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
2,000 (2020 - 2,000) Ordinary shares of £1.00 each	2,000	2,000

CARBOSYNTH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

22. Reserves**Share premium account**

The share premium reserve represents the excess over par value received from the issue of equity shares.

Profit & loss account

The profit and loss account represents the cumulative profit available for distribution to shareholders.

23. Pension commitments

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £99,050 (2020: £87,102). Contributions totalling £Nil (2020: £Nil) were payable to the fund at the balance sheet date and are included in creditors.

24. Commitments under operating leases

At 31 December 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	124,962	131,962
Later than 1 year and not later than 5 years	146,616	231,578
	<u>271,578</u>	<u>363,540</u>

CARBOSYNTH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

25. Related party transactions

The Company is exempt under Paragraph 33.1A of FRS 102 from disclosing transactions entered into between two or more members of a group, provided that any entity which is a party to the transaction is wholly owned by the group.

During the year the Company paid: service charges of £1,173,601 (2020: £1,295,797); commissions of £948,992 (2020: £1,141,439); and rent of £137,119 (2020: £117,399) to Carbosynth Holdings Limited. At the year end the Company owed £2,286,624 (2020: £2,679,955) to Carbosynth Holdings Limited.

During the year the Company made purchases of £2,721,871 (2020: £2,283,123) and made sales of £1,393,091 (2020: £453,494) from/to Carbosynth China Limited, a fellow subsidiary of Carbosynth Holdings Limited. At the year end the Company was due £547,010 (2020: £178,878) from and owed £61,424 (2020: £nil) to Carbosynth China Limited.

At the year end the Company was due £133,289 (2020: £126,338) from Carbosynth Hong Kong Limited, a fellow subsidiary of Carbosynth Holdings Limited.

During the year the Company made purchases of £689,981 (2020: £nil) and made sales totalling £49,854 (2020: £275,426) to Biosynth AG, a fellow subsidiary of Biosynth Holding AG. At the year end the Company was due £631 (2020: £3,694) from Biosynth AG and owed £62,410 (2020: £37,319) to Biosynth AG.

During the year the Company made purchases of £249,113 (2020: £49,471) and made sales totalling £847,179 (2020: £408,995) to Biosynth s.r.o, a fellow subsidiary of Biosynth Holding AG. At the year end the Company was due £1,132,618 (2020: £898,666) from, and owed £2050 (2020: £11,899) to, Biosynth s.r.o.

During the year the Company made purchases of £258,087 (2020: £291,719) and made sales of £2,120,772 (2020: £1,929,167) to Biosynth International Inc., a fellow subsidiary of Biosynth Holding AG. At the year end the Company was due £118,833 (2020: £1,000,380) from, and owed £9882 (2020: £68,628) to, Biosynth International Inc.

During the year, the Company made purchases of £3.05m (2020 £2.7m) and made sales of £20,085 (2020: £nil) to Jinan Carbotang Biotech Co. Ltd, in which the Company holds a non-controlling interest and has Directors in common. At the year end, the Company owed £853,512 (2020: £124,230) to Jinan Carbotang Biotech Co. Ltd.

26. Controlling party

The ultimate parent company for Carbosynth Holdings Ltd is Biosynth Beteiligungs AG, a company incorporated in Switzerland. The immediate parent company, and smallest group for which consolidated financial statements are available which include the Company, is Carbosynth Holdings Ltd, a company incorporated in England & Wales. Copies of these accounts may be obtained from 8 & 9 Old Station Business Park, Compton, RG20 6NE, UK. The largest group for which consolidated financial statements are prepared which include the company is Biosynth Holding AG, a company incorporated in Switzerland.