

Almac Clinical Services Limited
Annual report and financial statements
for the year ended 30 September 2023



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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 2023

The directors present their Strategic report on the company for the year ended 30 September 2023:

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 parent company is Almac Group (UK) Limited 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 in the strategic report of 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 £40,529,208 (2022: £29,526,161) and its net assets are £353,830,802 (2022: £313,301,594). The business has performed satisfactorily during the financial year.

Strategic report for the year ended 30 September 2023 (continued)

Section 172 (1) Statement

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
<p>Employees</p> <p>Almac Group currently employs approximately 7,000 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.</p>	<ol style="list-style-type: none"> 1. 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. We also survey our employees on issues that may affect them. 2. 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. Over 2,000 awards have been presented to employees across the business in the last year. 3. 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. 4. 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. 5. Almac offers a holiday buy-back scheme so that our people can purchase or sell holidays. 6. The directors are committed to the health and well-being of all our employees. #All4Health is Almac’s global 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 online platform which provides access to a wide range of supporting tools and materials. 7. 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 2,000 sessions with our people over the last two years.

Strategic report for the year ended 30 September 2023 (continued)

Engagement with Stakeholders (continued)

Stakeholder Group	Engagement
<p><i>Employees (continued)</i></p>	<ol style="list-style-type: none"> <li data-bbox="611 331 1487 421">8. 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. <li data-bbox="611 454 1487 633">9. 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. This year the total number of internal hires and promotions was 889. <li data-bbox="611 667 1487 947">10. 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. More than 4,000 colleagues have attended internal training sessions in the past year, <li data-bbox="611 981 1487 1149">11. 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. As part of a pilot launch, we established a DE&I Executive team and sub-committee. This team is responsible for overseeing and implementing various initiatives to promote diversity, equality and inclusion across our organisation.
<p>Customers</p> <p>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.</p>	<ol style="list-style-type: none"> <li data-bbox="611 1189 1487 1279">1. 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. <li data-bbox="611 1312 1487 1424">2. In order to continue to deliver on the needs of our customers we are making significant progress against our growth strategy that will result in total of 8,000 employees across the globe and over £300m in global capital investments by 2026. <li data-bbox="611 1458 1487 1570">3. 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. <li data-bbox="611 1603 1487 1794">4. 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. <li data-bbox="611 1827 1487 2029">5. 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 2023 (continued)

Engagement with Stakeholders (continued)

Stakeholder Group	Engagement
<p>Suppliers</p> <p>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 relationship with our suppliers, we ensure that the company continues to provide an exemplary level of service to our customers.</p>	<ol style="list-style-type: none"> 1. 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 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. 2. 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. 3. 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. 4. During 2023 we formally introduced the first phase of our sustainable procurement programme which outlines how we will engage and monitor our supply base on key sustainability criteria. This programme includes a robust Supplier code of conduct which sets out our expectations in terms of business integrity, labour and human rights, environmental and health and safety practices and transparency and reporting. We will also issue a Supplier due diligence questionnaire providing us with baseline data on key topics such as ethics, decarbonization and supplier diversity.
<p>Community</p> <p>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.</p>	<ol style="list-style-type: none"> 1. 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 2023, Almac donated funds to over 40 local and international charities in line with our charity and community policies. 2. 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 2023 we signed up to the Science Based Targets Initiative (SBTi) and we will submit details of our emission targets for validation and approval by December 2024. 3. In October 2023 Almac Group published its third 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. 4. Almac completes an annual Global HSE Report to demonstrate our approach to minimising risk and ensuring the health and safety of our employees, clients and visitors. In addition, we share details of our waste management and energy usage across our facilities. 5. 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.

Strategic report for the year ended 30 September 2023 (continued)

Engagement with Stakeholders (continued)

Stakeholder Group	Engagement
<p>Regulators</p> <p>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.</p>	<p>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.</p>
<p>Parent Company – Almac Group</p> <p>The company is a subsidiary of Almac Group Limited and is integrated within the overall governance structure of the Almac Group.</p>	<p>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.</p>

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



A Armstrong
Director
 26 January 2024

Directors' report for the year ended 30 September 2023

The directors present their Annual report and the audited financial statements of the company for the year ended 30 September 2023. 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.

Financial risk management

The company's operations expose it to a variety of financial risks that include market risk (including price risk and interest rate risk), foreign exchange 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 and ensuring that the balance sheet strength is maintained at all times. 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.

Dividends

The directors do not recommend payment of a final dividend (2022: £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.

Directors' report for the year ended 30 September 2023 (continued)**Stakeholder engagement**

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

Energy and Carbon Reporting

Information on the company's carbon reporting is included in the Directors' report of the ultimate parent company, Almac Group Limited, and is included in this report by cross reference.

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 and for at least one year from the date these financial statements are signed. 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
26 January 2024

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual report and the financial statements 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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 United Kingdom Accounting Standards, comprising FRS 101 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
26 January 2024

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 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); 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 2023; the Statement of comprehensive income and the Statement of changes in equity 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. 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.

Independent auditors' report to the members of Almac Clinical Services Limited (continued)**Reporting on other information (continued)**

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 2023 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. 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.

Independent auditors' report to the members of Almac Clinical Services Limited (continued)**Auditors' responsibilities for the audit of the financial statements (continued)**

Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations 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.



Emma Murray (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors

Belfast

26 January 2024

Statement of comprehensive income for the year ended 30 September 2023

	Note	2023 £	2022 £
Continuing operations			
Revenue	4	288,114,002	253,206,015
Cost of sales		(203,262,198)	(180,514,539)
Gross profit		84,851,804	72,691,476
Distribution costs		(4,228,424)	(3,794,344)
Administrative expenses		(46,285,421)	(39,635,552)
Operating profit	5	34,337,959	29,261,580
Operating profit is analysed as:			
Operating profit before depreciation and amortisation ("EBITDA")		43,095,092	38,246,711
Depreciation of property, plant and equipment		(2,824,399)	(2,413,399)
Depreciation of right of use assets		(1,239,967)	(1,361,942)
Amortisation of intangible assets		(4,692,767)	(5,209,790)
Finance costs	7	(200,454)	(166,947)
Finance income	7	17,867,157	7,406,262
Profit before income tax		52,004,662	36,500,895
Income tax expense	8	(11,475,454)	(6,974,734)
Profit and total comprehensive income for the financial year		40,529,208	29,526,161

The notes on pages 16 to 34 are an integral part of the financial statements.

Balance sheet as at 30 September 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	9	14,871,619	14,656,525
Property, plant and equipment	10	40,102,884	38,903,030
Right of use assets	11	4,358,135	6,086,610
Investment in subsidiaries	12	10,000	10,000
		59,342,638	59,656,165
Current assets			
Inventories	13	262,511	296,244
Trade and other receivables	14	379,840,054	326,000,486
Cash and cash equivalents		9,075	12,901
		380,111,640	326,309,631
Creditors – amounts falling due within one year	15	(72,154,273)	(57,745,402)
Net current assets		307,957,367	268,564,229
Total assets less current liabilities		367,300,005	328,220,394
Creditors – amounts falling due after more than one year	16	(7,015,242)	(8,985,737)
Deferred income tax liabilities	17	(5,153,060)	(5,039,824)
Provisions for liabilities and charges	19	(1,300,901)	(893,239)
Net assets		353,830,802	313,301,594
Equity			
Share capital	20	53,723,734	53,723,734
Retained earnings		300,107,068	259,577,860
Total shareholder's funds		353,830,802	313,301,594

The financial statements on pages 13 to 34 were authorised for issue by the board of directors on 26 January 2024 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 16 to 34 are an integral part of these financial statements.

Statement of changes in equity for the year ended 30 September 2023

	Share capital £	Retained earnings £	Total shareholder's funds £
At 1 October 2021	53,723,734	230,051,699	283,775,433
Profit and total comprehensive income for the financial year	-	29,526,161	29,526,161
At 30 September 2022 and 1 October 2022	53,723,734	259,577,860	313,301,594
Profit and total comprehensive income for the financial year	-	40,529,208	40,529,208
At 30 September 2023	53,723,734	300,107,068	353,830,802

Notes to the financial statements for the year ended 30 September 2023

1 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 significant accounting policies applied 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.

2 Significant accounting policies

Basis of preparation

The financial statements have been prepared on a going concern basis, in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), which is different to the year ended 30 September 2022, when the financial statements were prepared under UK-adopted International Accounting Standards. This change constitutes a change in accounting framework. However there is no impact on recognition, measurement, equity or profit or loss as a result of the change in framework.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial assets and financial liabilities measured at fair value through profit or loss, and in accordance with the Companies Act 2006.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in 3.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined).
- IFRS 7, 'Financial instruments: Disclosures'.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities).
- Paragraph 38 of IAS 1, 'Presentation of financial statements'
 - comparative information requirements in respect of: - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and
 - paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d) (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (statement of cash flows information); and
 - 134-136 (capital management disclosures).
- IAS 7, 'Statement of cash flows'.
- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation).
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group.

Notes to the financial statements for the year ended 30 September 2023 (continued)

2 Significant accounting policies (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 and for at least one year from the date these financial statements are signed. 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.

Consolidation

The company is a wholly owned subsidiary of Almac Group (UK) Limited and of its ultimate parent, Almac Group Limited. It is included in the consolidated financial statements of Almac Group Limited, which are publicly available. Therefore, the company is exempt, by virtue of section 400 of the Companies Act 2006, from the requirement to prepare consolidated financial statements. The address of the ultimate parent's registered office is Almac House, 20 Seagoe Industrial Estate Craigavon, County Armagh, BT63 5QD, United Kingdom.

Foreign currency translation*Functional and presentation currency*

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency

Transactions and balances

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 remeasured. 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, except when deferred in other comprehensive income as qualifying cash flow hedges.

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

No depreciation is charged on land or the assets in the course of construction. The assets' residual values and useful economic lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Notes to the financial statements for the year ended 30 September 2023 (continued)**2 Significant accounting policies (continued)****Property, plant and equipment (continued)**

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 the income statement.

Intangible assets

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.

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. No amortisation is charged on assets in the course of construction

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Notes to the financial statements for the year ended 30 September 2023 (continued)**2 Significant accounting policies (continued)****Financial assets**

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.

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.

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.

Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVPL):

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. 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 (expenses)/income together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the profit or loss under 'net impairment losses on financial and contract assets.

Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

Investments in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

Impairment of financial assets

The company assesses on a forward-looking basis the expected credit loss associated with its financial assets. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the financial statements for the year ended 30 September 2023 (continued)**2 Significant accounting policies (continued)****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.

Trade and other receivables

Trade and other receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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 are 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.

Cash and cash equivalents

Cash and cash equivalents include 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. In the balance sheet, bank overdrafts are shown within borrowings in creditors: amounts falling due within one year.

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.

Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Creditors are presented as amounts falling due within one year unless payment is not due within 12 months after the reporting period.

Notes to the financial statements for the year ended 30 September 2023 (continued)**2 Significant accounting policies (continued)****Borrowing costs**

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; or arise 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 tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred 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 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 assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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.

Notes to the financial statements for the year ended 30 September 2023 (continued)**2 Significant accounting policies (continued)****Employee benefits**

The company operates various post-employment obligation schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

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.

Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised where: the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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, returns, discounts and rebates. 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.

Notes to the financial statements for the year ended 30 September 2023 (continued)**2 Significant accounting policies (continued)****Revenue recognition (continued)**

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.

Interest income/(expense)

Interest income/(expense) is recognised using the effective interest rate method. In calculating interest income/(expense), the effective interest rate is applied to the gross carrying amount of the asset, when the asset is not impaired or to the amortised cost of the liability for interest expense. For financial assets that have been impaired after initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer impaired the interest income calculation reverts to the gross carrying amount.

Leases

The company leases various offices, warehouses, retail stores, equipment and vehicles. Rental contracts are typically made for fixed periods of 6 months to 8 years but may have extension options. Contracts may contain both lease and non-lease components. The company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the company is a lessee and for which it has major leases, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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 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.

Notes to the financial statements for the year ended 30 September 2023 (continued)**2 Significant accounting policies (continued)****Leases (continued)**

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, and
- makes adjustments specific to the lease, e.g. term, 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 company uses 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 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 company

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. Low-value assets comprise IT equipment and small items of office furniture.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical estimates or judgements within the financial statements.

4 Revenue

Analysis of revenue by category:

	2023	2022
	£	£
Sale of services – over time	288,114,002	253,206,015

Analysis of revenue by geography:

	2023	2022
	£	£
United Kingdom	235,553,268	207,197,285
Europe	5,495,609	5,664,408
United States	41,814,410	35,305,345
Other	5,250,715	5,038,977
	288,114,002	253,206,015

Notes to the financial statements for the year ended 30 September 2023 (continued)

5 Operating profit

Operating profit is stated after charging/(crediting):

	2023	2022
	£	£
Wages and salaries	47,109,952	42,879,903
Social security costs	4,407,119	4,003,722
Other pension costs (note 21)	2,055,647	1,766,169
Share based payment costs (note 23)	432,980	580,178
Staff costs	54,005,698	49,229,972
Inventory recognised as an expense	149,909,070	132,839,747
Employee benefit expense - net of capitalised software development costs	53,470,668	48,792,668
Depreciation and amortisation	7,517,165	7,623,189
Depreciation on right of use assets	1,239,967	1,361,942
Profit on disposal of fixed assets	(20,626)	-
Expense on short term leases	8,340	1,065
Deferred income release	(268,105)	(370,510)
Fees payable to the company's auditors for the audit of the company	40,976	40,975
Fees payable to company's auditors for other services – tax services	7,115	5,318

6 Employees and directors

Average monthly number of persons employed (including directors) during the year by activity:	2023	2022
	Number	Number
Production	1,199	1,101
Sales and marketing	66	60
Administration	37	35
Research and development	11	9
	1,313	1,205

	2023	2022
	£	£
Directors		
Aggregate emoluments	786,372	756,119
Pension costs – defined contribution plans	10,000	10,000
Amounts received in respect of share-based payments	212,006	179,533
	1,008,378	945,652

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 (2022: two) have retirement benefits accruing under a defined contribution plan. Two directors (2022: two) have exercised phantom share options in the year.

	2023	2022
	£	£
Highest paid director		
Aggregate emoluments	449,204	430,101
Amounts received in respect of share-based payments	119,941	102,164
	569,145	532,265

**Notes to the financial statements for the year ended 30 September 2023
(continued)**

7 Finance income - net

	2023	2022
	£	£
<i>Interest expense:</i>		
Interest payable on leases	(200,454)	(166,947)
Finance costs	(200,454)	(166,947)
<i>Interest income:</i>		
Interest receivable on bank accounts	-	270
Interest receivable from group undertakings	17,825,098	7,405,992
Foreign exchange gain	36,064	-
Other finance income	5,995	-
Finance income	17,867,157	7,406,262
Finance income - net	17,666,703	7,239,315

8 Income tax expense

	2023	2022
	£	£
Current tax		
UK corporation tax - current year	11,225,725	6,462,179
- adjustment in respect of previous periods	136,493	42,479
Total current tax	11,362,218	6,504,658
Deferred tax		
Origination and reversal of temporary differences	289,073	400,877
Changes in tax laws and rates	39,295	123,049
Adjustment in respect of previous periods	(215,132)	(53,850)
Total deferred tax	113,236	470,076
Income tax expense	11,475,454	6,974,734

The tax expense for the year differs from (2022: differs from) the standard rate of corporation tax in the UK and the differences are explained below:

	2023	2022
	£	£
Profit before income tax	52,004,662	36,500,895
Profit before income tax at the UK standard rate of 22.01% (2022: 19%)	11,445,300	6,935,170
Effects of:		
Expenses not deductible for tax purposes	166,911	154,708
Changes in tax laws and rates	39,295	123,049
Super deduction	(38,403)	(166,654)
Capital grants not taxable	(59,010)	(60,168)
Adjustment in respect of previous periods	(78,639)	(11,371)
Income tax expense	11,475,454	6,974,734

Notes to the financial statements for the year ended 30 September 2023 (continued)

8 Income tax expense (continued)**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.

9 Intangible assets

	Computer software £	Assets in course of construction £	Total £
Cost			
At 1 October 2022	52,041,256	-	52,041,256
Additions	4,782,559	125,302	4,907,861
At 30 September 2023	56,823,815	125,302	56,949,117
Accumulated amortisation			
At 1 October 2022	37,384,731	-	37,384,731
Charge for the year	4,692,767	-	4,692,767
At 30 September 2023	42,077,498	-	42,077,498
Net book amount			
At 30 September 2023	14,746,317	125,302	14,871,619
At 30 September 2022	14,656,525	125,302	14,656,525

Notes to the financial statements for the year ended 30 September 2023 (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 2022	39,492,989	396,171	22,656,060	14,743,158	77,288,378
Additions	359,997	748,048	1,986,501	929,707	4,024,253
At 30 September 2023	39,852,986	1,144,219	24,642,561	15,672,865	81,312,631
Accumulated depreciation					
At 1 October 2022	9,569,371	-	16,150,610	12,665,367	38,385,348
Charge for the year	791,746	-	1,333,196	699,457	2,824,399
At 30 September 2023	10,361,117	-	17,483,806	13,364,824	41,209,747
Net book amount					
At 30 September 2023	29,491,869	1,144,219	7,158,755	2,308,041	40,102,884
At 30 September 2022	29,923,618	396,171	6,505,450	2,077,791	38,903,030

The company's property, plant and equipment are pledged as security against the borrowings of the ultimate parent company, Almac Group Limited.

11 Leases

The company has lease contracts for various offices, warehouses, equipment and vehicles used in the operations. The amounts recognised in the financial statements in relation to the leases are as follows:

Amounts recognised in the balance sheet:

The balance sheet shows the following amounts relating to leases:

	2023 £	2022 £
Right-of-use assets		
Buildings	4,314,256	6,012,584
Equipment	5,445	35,457
Motor vehicles	38,434	38,569
Net book amount	4,358,135	6,086,610
Lease liabilities		
Current	1,277,820	1,382,596
Non-current	3,309,346	5,023,025
	4,587,166	6,405,621

Additions to the right-of-use assets during the financial year were £148,024 (2022: £560,246) and disposals were £636,532 (2022: £nil)

Notes to the financial statements for the year ended 30 September 2023 (continued)

11 Leases (continued)

Amounts recognised in the income statement:

	2023 £	2022 £
The income statement shows the following amounts relating to leases:		
Buildings depreciation	(1,186,963)	(1,305,092)
Equipment depreciation	(30,012)	(39,641)
Motor vehicles depreciation	(22,992)	(17,209)
Total depreciation	(1,239,967)	(1,361,942)
Interest expense (included in finance costs)	(200,454)	(166,947)
Expense relating to short-term leases (included in administrative expenses)	(8,340)	(1,065)

The total cash outflow for leases in 2023 was £1,461,458 (2022: £1,427,636).

12 Investment in subsidiaries

	£
Cost	
At 1 October 2022 and at 30 September 2023	49,664,111
Amounts written off	
At 1 October 2022 and at 30 September 2023	49,654,111
Net book amount	
At 30 September 2023	10,000
At 30 September 2022	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 2023 (continued)

13 Inventories

	2023	2022
	£	£
Raw materials	222,644	200,599
Work in progress	39,867	95,645
	262,511	296,244

There is no significant difference between the replacement cost of work in progress and finished goods and goods for resale and their carrying amounts. Inventories are stated after provisions for impairment of £nil (2022: £nil).

14 Trade and other receivables

	2023	2022
	£	£
Amounts falling due within one year:		
Trade receivables	41,995,274	37,355,971
Less: provision for impairment of receivables	(757,685)	(644,570)
Trade receivables (net)	41,237,589	36,711,401
Amounts owed by group undertakings	319,747,632	272,715,031
Current income tax recoverable	9,514,056	9,365,917
Other receivables	321,285	1,511,472
Prepayments and accrued income	9,019,492	5,696,665
	379,840,054	326,000,486

Amounts owed by group undertakings are unsecured, repayable on demand and where interest bearing, this is at market rates.

15 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade payables	15,285,520	12,513,972
Amounts owed to group undertakings	12,355,584	13,268,310
Amounts owed to related parties	100,000	100,000
Lease liabilities (note 11)	1,277,820	1,382,596
Group relief payable	11,837,204	7,127,029
Other tax and social security	1,237,490	1,079,447
Other creditors	10,082,624	8,450,014
Accruals and deferred income	19,978,031	13,824,034
	72,154,273	57,745,402

Amounts owed to group undertakings are unsecured, repayable on demand and where interest bearing, this is at market rates.

16 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Lease liabilities (note 11)	3,309,346	5,023,025
Accruals and deferred income	3,705,896	3,962,712
	7,015,242	8,985,737

Notes to the financial statements for the year ended 30 September 2023 (continued)

17 Deferred income tax liabilities

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 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 and 1 October 2022	716,402	(5,756,226)	(5,039,824)
Credited/(charged) to the income statement	45,104	(158,340)	(113,236)
At 30 September 2023	761,506	(5,914,566)	(5,153,060)

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

	2023 £	2022 £
Deferred tax assets due in more than 12 months	761,506	716,402
Deferred tax liabilities due in more than 12 months	(5,914,566)	(5,756,226)
Deferred tax liabilities – net	(5,153,060)	(5,039,824)

18 Government grants – deferred income

Government grants	£
At 1 October 2021	2,965,273
Released to the income statement	(370,510)
At 30 September 2022 and 1 October 2022	2,594,763
Released to the income statement	(268,105)
At 30 September 2023	2,326,658

Notes to the financial statements for the year ended 30 September 2023 (continued)

19 Provision for liabilities and charges

Claims provision	£
At 1 October 2022	893,239
Used in the year	(893,239)
Charge for the year	1,300,901
At 30 September 2023	1,300,901

20 Share capital

	2023	2022
	£	£
Allotted and fully paid		
53,723,734 (2022: 53,723,734) ordinary shares of £1 (2022: £1) each	53,723,734	53,723,734

All shares rank pari passu in all respects

21 Commitments

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:

	2023	2022
	£	£
Defined contribution scheme	2,055,647	1,766,169

Amounts owed to the pension scheme as at 30 September 2023 totalled £371,090 (2022: £324,875).

Capital and other financial commitments

	2023	2022
	£	£
Contracts placed for future intangible assets not provided in the financial statements	5,246,056	6,915,956

22 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 2023 (continued)

23 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 2023	September 2022
Share price at grant date	£2.588	£2.050
Number of employees	19	20
Share awards	110,044	135,233
Vesting period (years)*	4*	4*
Option life (years)	4	4
Expected life (years)	4	4
Fair value	£2.588	£2.050

*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 £2.588 (2022: £2.050).

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

	2023	2022
	Number	Number
Outstanding at 1 October	567,202	711,664
Granted	110,044	135,233
Forfeited	(9,200)	-
Exercised	(238,668)	(279,695)
Outstanding at 30 September	429,378	567,202
Exercisable on 1 January 2024/2023	194,014	238,668

The weighted average share price of share awards exercised in the year was £2.588 (2022: £2.050).

Notes to the financial statements for the year ended 30 September 2023 (continued)

23 Share based payments (continued)

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

	2023	2022
	Number	Number
2023	-	238,668
2024	194,014	198,231
2025	127,565	130,303
2026	107,799	-
	429,378	567,202

The total expense recognised in the income statement was £432,980 (2022: £580,178). The year-end liability is £1,237,806 (2022: £1,466,692).

24 Ultimate controlling party and related party transactions

The company entered into the following related party transactions:

	Balances		Transactions	
	2023	2022	2023	2022
	£	£	£	£
Amounts owed to related parties	(100,000)	(100,000)	-	-

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. The company has taken advantage of the exemptions contained in FRS 101 not to disclose related party transactions with related parties that are wholly owned within the group.

Please refer to note 6 for details on directors' emoluments disclosure.

During the year 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.