

Strategic Report, Report of the Directors and
Financial Statements for the Year Ended 31 December 2022
for
Central Pharma Contract Packing Limited

Central Pharma Contract Packing Limited (Registered number: 05666241)

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for the Year Ended 31 December 2022

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Central Pharma Contract Packing Limited

Company Information **for the Year Ended 31 December 2022**

DIRECTORS:

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

REGISTERED OFFICE:

Caxton Road
Elm Farm Industrial Estate
Bedford
Bedfordshire
MK41 0XZ

REGISTERED NUMBER:

05666241 (England and Wales)

AUDITORS:

WP Audit Limited
Statutory Auditors
TOR
Saint-Cloud Way
Maidenhead
Berkshire
SL6 8BN

Central Pharma Contract Packing Limited (Registered number: 05666241)

Strategic Report **for the Year Ended 31 December 2022**

The directors present their strategic report for the year ended 31 December 2022.

REVIEW OF BUSINESS

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

	2022
	£'000s
Turnover	18,637
Gross profit margin	34.7%
EBITDA	261
Operating loss	(510)
Shareholders' funds	2,675

The company's investment made in expanding its capability has allowed the business to grow its revenue during the year. Pressures on costs as well as activity designed to streamline the business and facilitate additional service offerings have led to a decline in the gross margin and operating result for the year. The company's key profit measure is EBITDA, which is calculated as operating profit excluding depreciation, amortisation and intra-group charges. In 2022 the EBITDA was £261,163. The company's operating loss reported on a statutory basis was £509,691 which includes depreciation of £770,854. The loss incurred for the year has affected the balance sheet position compared with last year with net assets at the year end of £2,674,521..

Following a challenging year from the perspective of reduced profitability, the company is better placed now to capitalise on operational improvement implemented during 2022. Capital expenditure was £263,959 in the year which was reduced compared with the prior year as the company benefits from the investment made previously. The company works closely with its lenders to help fund its investment and this continued support should enable the company to realise the growth opportunities which the investment is designed to capitalise on.

PRINCIPAL RISKS AND UNCERTAINTIES

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

ON BEHALF OF THE BOARD:

A J Smit - Director

29 September 2023

Central Pharma Contract Packing Limited (Registered number: 05666241)

Report of the Directors for the Year Ended 31 December 2022

The directors present their report with the financial statements of the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITY

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2022.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

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

Other changes in directors holding office are as follows:

E Swanepoel - appointed 28 March 2022

I P Robinson was appointed as a director after 31 December 2022 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:

A J Smit - Director

29 September 2023

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

Opinion

We have audited the financial statements of Central Pharma Contract Packing Limited (the 'company') for the year ended 31 December 2022 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

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

Other information

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

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

Responsibilities of directors

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

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, outlines 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.

Extent to which the audit was considered capable of detecting irregularities, including fraud.

-The engagement partners ensured that the engagement team collectively had the appropriate competence, capabilities and skill to identify or recognise non-compliance with applicable laws and regulations;

-we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the recruitment sector;

-we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, taxation legislation and data protection, anti-bribery, employment, environmental and health and safety legislation;

-we assessed the extent of compliance with laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and

-identified laws and regulations were communicated within the audit team regularly and the team remained alert to instance of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by;

-making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud;

-considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations; and

-understanding the design of the company's remuneration policies.

To address the risk of fraud through management bias and override of controls, we;

-performed analytical procedures to identify unusual or unexpected relationships;

-tested journal entries to identify unusual transactions;

-assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and

-investigated the rationale behind significant or unusual transactions.

Audit response to risks identified

In response to the risk of irregularities and non-compliance with laws and regulations; we designed procedures which included, but were not limited to;

-agreeing financial statement disclosures to underlying supporting documentation;

-enquiring of management as to actual and potential litigation and claims; and

-reviewing correspondence with HMRC, relevant regulators and company's legal advisors.

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

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment of collusion.

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

Use of our report

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

Philippa Duckworth BSc FCCA Senior Statutory Auditor
for and on behalf of WP Audit Limited
Statutory Auditors
TOR
Saint-Cloud Way
Maidenhead
Berkshire
SL6 8BN

26 October 2023

Central Pharma Contract Packing Limited (Registered number: 05666241)

Income Statement **for the Year Ended 31 December 2022**

		31.12.22	31.12.21
	Notes	£	as restated £
TURNOVER	3	18,637,361	16,474,529
Cost of sales		<u>(12,153,607)</u>	<u>(10,132,316)</u>
GROSS PROFIT		6,483,754	6,342,213
Administrative expenses		<u>(6,993,445)</u>	<u>(5,952,461)</u>
		(509,691)	389,752
Other operating income		-	35,523
OPERATING (LOSS)/PROFIT	5	<u>(509,691)</u>	<u>425,275</u>
Interest payable and similar expenses	6	<u>(188,116)</u>	<u>(80,340)</u>
(LOSS)/PROFIT BEFORE TAXATION		(697,807)	344,935
Tax on (loss)/profit	7	<u>113,919</u>	<u>(96,059)</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		<u><u>(583,888)</u></u>	<u><u>248,876</u></u>

The notes form part of these financial statements

Central Pharma Contract Packing Limited (Registered number: 05666241)

Other Comprehensive Income
for the Year Ended 31 December 2022

	Notes	31.12.22 £	31.12.21 as restated £
(LOSS)/PROFIT FOR THE YEAR		(583,888)	248,876
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			<u>248,876</u>
Prior year adjustment	Note 8	<u>(180,000)</u>	
TOTAL COMPREHENSIVE INCOME SINCE LAST ANNUAL REPORT		<u>(763,888)</u>	

The notes form part of these financial statements

Central Pharma Contract Packing Limited (Registered number: 05666241)

Balance Sheet 31 December 2022

	Notes	31.12.22 £	31.12.21 as restated £	1.1.21 £
FIXED ASSETS				
Intangible assets	9	-	-	-
Tangible assets	10	3,504,254	4,041,387	2,345,033
		<u>3,504,254</u>	<u>4,041,387</u>	<u>2,345,033</u>
CURRENT ASSETS				
Stocks	11	1,153,805	1,475,850	834,987
Debtors	12	8,108,218	7,184,365	5,609,113
Cash in hand		720	720	349,328
		<u>9,262,743</u>	<u>8,660,935</u>	<u>6,793,428</u>
CREDITORS				
Amounts falling due within one year	13	(8,277,375)	(8,030,566)	(5,445,969)
NET CURRENT ASSETS				
		<u>985,368</u>	<u>630,369</u>	<u>1,347,459</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
		4,489,622	4,671,756	3,692,492
CREDITORS				
Amounts falling due after more than one year	14	(1,466,193)	(945,931)	(311,601)
PROVISIONS FOR LIABILITIES				
	18	(348,908)	(467,416)	(371,358)
NET ASSETS				
		<u>2,674,521</u>	<u>3,258,409</u>	<u>3,009,533</u>
CAPITAL AND RESERVES				
Called up share capital	19	200,000	200,000	200,000
Retained earnings	20	2,474,521	3,058,409	2,809,533
SHAREHOLDERS' FUNDS				
		<u>2,674,521</u>	<u>3,258,409</u>	<u>3,009,533</u>

The notes form part of these financial statements

Central Pharma Contract Packing Limited (Registered number: 05666241)

Balance Sheet - continued
31 December 2022

The financial statements were approved by the Board of Directors and authorised for issue on 29 September 2023 and were signed on its behalf by:

A J Smit - Director

The notes form part of these financial statements

Central Pharma Contract Packing Limited (Registered number: 05666241)

Statement of Changes in Equity
for the Year Ended 31 December 2022

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 January 2021	200,000	2,809,533	3,009,533
Changes in equity			
Total comprehensive income	-	428,876	428,876
Balance at 31 December 2021	<u>200,000</u>	<u>3,238,409</u>	<u>3,438,409</u>
Prior year adjustment	-	(180,000)	(180,000)
As restated	<u>200,000</u>	<u>3,058,409</u>	<u>3,258,409</u>
Changes in equity			
Total comprehensive income	-	(583,888)	(583,888)
Balance at 31 December 2022	<u>200,000</u>	<u>2,474,521</u>	<u>2,674,521</u>

The notes form part of these financial statements

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements for the Year Ended 31 December 2022

1. STATUTORY INFORMATION

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

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

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

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

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

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

Financial Reporting Standard 102 - reduced disclosure exemptions

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

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

Related party exemption

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

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued **for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Significant judgements and estimates

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

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

Tangible fixed assets

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

Stock provision

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

Intra-group debtors

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

Turnover

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

Goodwill

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

Tangible fixed assets

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

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

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

Stocks

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

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued **for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Financial instruments

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

(i) Financial assets and liabilities

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

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

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

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

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

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

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

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

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

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

(ii) Investments

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

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

(iii) Equity instruments

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued **for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

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

Taxation

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

Current or deferred taxation assets and liabilities are not discounted.

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

Deferred tax

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

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

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

Research and development

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

Foreign currencies

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

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

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

Confidential invoice discounting

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

Holiday pay accrual

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

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

3. TURNOVER

The turnover and loss (2021 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	31.12.22	31.12.21 as restated
	£	£
United Kingdom	16,742,330	14,459,855
Markets outside United Kingdom	1,895,031	2,014,674
	<u>18,637,361</u>	<u>16,474,529</u>

4. EMPLOYEES AND DIRECTORS

	31.12.22	31.12.21 as restated
	£	£
Wages and salaries	6,204,321	5,881,330
Social security costs	649,748	565,713
Other pension costs	101,189	98,060
	<u>6,955,258</u>	<u>6,545,103</u>

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

	31.12.22	31.12.21 as restated
Operations and production	178	170
Administration	48	42
Sales	5	2
	<u>231</u>	<u>214</u>

	31.12.22	31.12.21 as restated
	£	£
Directors' remuneration	508,281	441,543
Directors' pension contributions to money purchase schemes	33,992	28,671

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

Money purchase schemes	<u>5</u>	<u>4</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31.12.22	31.12.21 as restated
	£	£
Emoluments etc	152,148	153,669
Pension contributions to money purchase schemes	<u>10,650</u>	<u>10,757</u>

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

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

5. OPERATING (LOSS)/PROFIT

The operating loss (2021 - operating profit) is stated after charging:

	31.12.22	31.12.21 as restated
	£	£
Hire of plant and machinery	29,636	31,746
Other operating leases	1,241,518	476,222
Depreciation - owned assets	434,987	376,574
Depreciation - assets on hire purchase contracts	335,865	179,090
Auditors' remuneration	15,000	20,890
Foreign exchange differences	<u>36,625</u>	<u>43,109</u>

Pension contributions totalling £31,585 (2021: £48,556) were payable to the pension fund at the year end and are included in creditors due less than 1 year.

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	31.12.22	31.12.21 as restated
	£	£
Bank interest	64,814	32,068
Other interest	60,197	21,613
Hire purchase	<u>63,105</u>	<u>26,659</u>
	<u>188,116</u>	<u>80,340</u>

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	31.12.22	31.12.21 as restated
	£	£
Current tax:		
UK corporation tax	4,589	-
Deferred tax	<u>(118,508)</u>	<u>96,059</u>
Tax on (loss)/profit	<u>(113,919)</u>	<u>96,059</u>

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued **for the Year Ended 31 December 2022**

7. TAXATION - continued

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	31.12.22	31.12.21 as restated
	£	£
(Loss)/profit before tax	<u>(697,807)</u>	<u>344,935</u>
(Loss)/profit multiplied by the standard rate of corporation tax in the UK of 19% (2021 - 19%)	(132,583)	65,538
Effects of:		
Expenses not deductible for tax purposes	827	30,521
Deferred tax provided for at a higher rate	<u>17,837</u>	<u>-</u>
Total tax (credit)/charge	<u>(113,919)</u>	<u>96,059</u>

8. PRIOR YEAR ADJUSTMENT

A prior year adjustment has been made in relation to SDLT on a lease paid for personally by a director which was not recognised within the financial statements for 31 December 2021. The impact has been an increase in administrative expenses of £180,000 and an increase in the amount owed to the director by £180,000. There was no tax impact arising from the prior year adjustment.

9. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 January 2022 and 31 December 2022	<u>269,235</u>
AMORTISATION	
At 1 January 2022 and 31 December 2022	<u>269,235</u>
NET BOOK VALUE	
At 31 December 2022	<u>-</u>
At 31 December 2021	<u>-</u>

Central Pharma Contract Packing Limited (Registered number: 0566241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

10. TANGIBLE FIXED ASSETS

	Short leasehold £	Plant and machinery £	Fixtures and fittings £
COST			
At 1 January 2022	61,373	7,169,864	278,825
Additions	-	149,796	-
Disposals	-	-	-
Reclassification/transfer	-	7,866	-
At 31 December 2022	<u>61,373</u>	<u>7,327,526</u>	<u>278,825</u>
DEPRECIATION			
At 1 January 2022	50,587	3,438,939	278,597
Charge for year	2,415	658,895	-
Transfer to ownership	-	692,592	-
Reclassification/transfer	-	(692,592)	-
At 31 December 2022	<u>53,002</u>	<u>4,097,834</u>	<u>278,597</u>
NET BOOK VALUE			
At 31 December 2022	<u>8,371</u>	<u>3,229,692</u>	<u>228</u>
At 31 December 2021	<u>10,786</u>	<u>3,730,925</u>	<u>228</u>

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2022	95,243	650,171	8,255,476
Additions	79,887	26,410	256,093
Disposals	-	(30,240)	(30,240)
Reclassification/transfer	-	-	7,866
At 31 December 2022	<u>175,130</u>	<u>646,341</u>	<u>8,489,195</u>
DEPRECIATION			
At 1 January 2022	95,243	350,723	4,214,089
Charge for year	14,646	94,896	770,852
Transfer to ownership	-	-	692,592
Reclassification/transfer	-	-	(692,592)
At 31 December 2022	<u>109,889</u>	<u>445,619</u>	<u>4,984,941</u>
NET BOOK VALUE			
At 31 December 2022	<u>65,241</u>	<u>200,722</u>	<u>3,504,254</u>
At 31 December 2021	<u>-</u>	<u>299,448</u>	<u>4,041,387</u>

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

10. TANGIBLE FIXED ASSETS - continued

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

	Plant and machinery £	Motor vehicles £	Totals £
COST			
At 1 January 2022	1,676,057	65,421	1,741,478
Additions	-	79,887	79,887
Transfer to ownership	-	(65,421)	(65,421)
Reclassification/transfer	908,508	-	908,508
At 31 December 2022	<u>2,584,565</u>	<u>79,887</u>	<u>2,664,452</u>
DEPRECIATION			
At 1 January 2022	319,335	65,421	384,756
Charge for year	321,219	14,646	335,865
Transfer to ownership	-	(65,421)	(65,421)
Reclassification/transfer	17,107	-	17,107
At 31 December 2022	<u>657,661</u>	<u>14,646</u>	<u>672,307</u>
NET BOOK VALUE			
At 31 December 2022	<u>1,926,904</u>	<u>65,241</u>	<u>1,992,145</u>
At 31 December 2021	<u>1,356,722</u>	<u>-</u>	<u>1,356,722</u>

11. STOCKS

	31.12.22 £	31.12.21 as restated £
Stocks	<u>1,153,805</u>	<u>1,475,850</u>

An assessment is performed annually to assess stock held at the year end which is based on the ageing and the movement of stock items. The stock provision at the year end is £352,598 (2021: £261,611).

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22 £	31.12.21 as restated £
Trade debtors	2,818,417	3,222,474
Amounts owed by group undertakings	4,928,060	3,430,188
Other debtors	101,651	196,357
Prepayments and accrued income	260,090	335,346
	<u>8,108,218</u>	<u>7,184,365</u>

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.12.22	31.12.21 as restated
	£	£
Bank loans and overdrafts (see note 15)	2,233,885	2,350,738
Hire purchase contracts (see note 16)	426,515	466,296
Trade creditors	2,605,072	2,103,101
Social security and other taxes	244,746	232,629
VAT	967,592	807,729
Other creditors	59,769	325,130
Directors' current accounts	180,000	180,000
Accrued expenses	1,559,796	1,564,943
	8,277,375	8,030,566

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.12.22	31.12.21 as restated
	£	£
Bank loans (see note 15)	307,736	418,922
Hire purchase contracts (see note 16)	1,158,457	527,009
	1,466,193	945,931

15. LOANS

An analysis of the maturity of loans is given below:

	31.12.22	31.12.21 as restated
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	479,725	1,756,027
Bank loans	1,754,160	594,711
	2,233,885	2,350,738
Amounts falling due between one and two years:		
Bank loans - 1-2 years	122,762	111,186
Amounts falling due between two and five years:		
Bank loans - 2-5 years	184,974	307,736

16. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

	Hire purchase contracts	
	31.12.22	31.12.21 as restated
	£	£
Net obligations repayable:		
Within one year	426,515	466,296
Between one and five years	1,158,457	527,009
	1,584,972	993,305

Central Pharma Contract Packing Limited (Registered number: 0566241)

Notes to the Financial Statements - continued for the Year Ended 31 December 2022

16. LEASING AGREEMENTS - continued

	Non-cancellable operating leases 31.12.22	31.12.21 as restated
	£	£
Within one year	536,540	349,862
Between one and five years	4,708,000	4,067,540
In more than five years	5,961,667	7,138,667
	11,206,207	11,556,069

17. SECURED DEBTS

The following secured debts are included within creditors:

	31.12.22	31.12.21 as restated
	£	£
Bank loans	1,642,974	526,133

Included within bank loans is an Invoice finance facility of £1,642,974 (2021: £526,133) provided by Clydesdale Bank PLC. The invoice finance facility accrues discount charges at 2.4% of notified receivables. The bank debt is secured by fixed and floating charges over the undertaking and all property and assets present and future.

18. PROVISIONS FOR LIABILITIES

	31.12.22	31.12.21 as restated
	£	£
Deferred tax	348,908	467,416
		Deferred tax
		£
Balance at 1 January 2022		467,416
Credit to Income Statement during year		(118,508)
Balance at 31 December 2022		348,908

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

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:			31.12.22	31.12.21 as restated
Number:	Class:	Nominal value:	£	£
200,000	Ordinary shares	£1	200,000	200,000

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

Central Pharma Contract Packing Limited (Registered number: 05666241)

Notes to the Financial Statements - continued **for the Year Ended 31 December 2022**

20. RESERVES

	Retained earnings £
At 1 January 2022	3,238,409
Prior year adjustment	<u>(180,000)</u>
	3,058,409
Deficit for the year	<u>(583,888)</u>
At 31 December 2022	<u><u>2,474,521</u></u>

21. ULTIMATE PARENT COMPANY

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

22. CONTINGENT LIABILITIES

Post year end the company has been in discussions with their landlord with regards to a potential dilapidation charge on a property. At this point in time the outcome of the settlement is uncertain both in terms of amount and timing. An initial assessment made by the landlord estimates the liability to be around £330,000 but this is currently in negotiation with the company and as a result is uncertain both in terms of timing and the final negotiated liability.

23. CAPITAL COMMITMENTS

	31.12.22	31.12.21 as restated
	£	£
Contracted but not provided for in the financial statements	<u>127,740</u>	<u>-</u>

24. ULTIMATE CONTROLLING PARTY

There is no single ultimate controlling party.

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