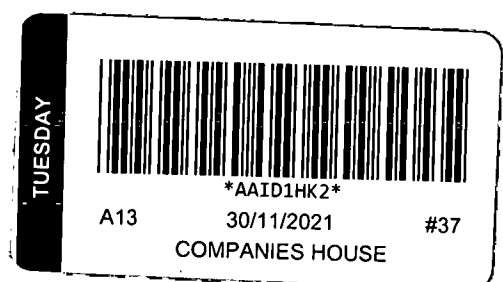


# **Daiichi Sankyo UK Limited**

Annual report and financial statements

31 March 2021

Registered number 01998736



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## Strategic Report

The principal activity of the company is the marketing and distribution of ethical pharmaceutical products including an anticoagulant for the protection against blood clots in patients diagnosed with treatment of non-valvular cardiovascular hypertension atrial fibrillation, as well as continuing to invest within the Oncology therapy area ahead of future potential product launches from our Group pipeline.

The company is a wholly owned subsidiary of Daiichi Sankyo Northern Europe GmbH, whose ultimate parent company is Daiichi Sankyo Company Limited, incorporated in Japan.

The company operates in a very competitive and highly regulated market. The NHS is ultimately the main customer, which together with the strict and evolving regulations that pharmaceutical businesses must operate within, ensure that growth is significantly influenced and dependent upon government and the resulting Clinical Commissioning Groups' (CCGs) policy. Despite the uncertainty of the regulatory climate the company will continue to explore the possibilities of increasing the product portfolio and the revenue streams, but there is no guarantee that it will be successful in this.

The company manages its operations on a regional basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

### Section 172(1) statement

The company has continued to perform well during the year which is reflected by the increase in profit for the year, driven by strong top-line performance. Guided by the company's strategic drivers, the company continues to create value for customers, employees and suppliers.

As the wholly owned UK subsidiary of our parent company we strive to fulfil the overall mission of the company here in the UK. Namely,

"To contribute to the enrichment of quality of life around the world through the creation of innovative pharmaceuticals, addressing diverse medical needs."

And its' 2030 Vision to be an "Innovative Global Healthcare Company contributing to the sustainable development of society."

To realize our "Purpose," the DS group of companies aims to address the social issues that we are expected by society to solve through our business activities, such as the creation of innovative pharmaceuticals and efforts for achieving the UN's Sustainability Development Goals (SDGs). We challenge ourselves to continuously provide innovative solutions based on our strength: Science & Technology.

The directors recognise the importance of our wider stakeholders in delivering our strategy and business sustainability. We are conscientious about our responsibilities and duties to our stakeholders under section 172 of the Companies Act 2006.

### *Our customers and their communities*

We continue to focus on providing the NHS, CCG's, Health Boards, Hospital Trusts and other customers with quality products to improve the Standard of Care (SOC) for patients here in the UK. The company actively looks to work as a "partner of choice" with the NHS on their published 10-year Plan to reduce the impact of cardiovascular disease, which they recognised as "the single biggest area where the NHS can save lives over the next 10 years." It is also vitally important to us that our business practices are ethical and transparent.

### *The employees*

We want the company to be a great place to work, where employees are empowered to make decisions and can develop their skills and capabilities to serve our customers' needs. We are proud that our most recent employee survey found that over 80% of employees would recommend or strongly recommend DSUK as a place to work, though continue to work hard to make it even better.

### *The environment*

Our products, supply chain and operations all have an impact on the environment. We believe that, as a general matter, our policies, practices and procedures are properly designed to prevent unreasonable risk of environmental damage, and of resulting financial liability, in connection with our business.

### *The suppliers*

We see our suppliers as partners with us to deliver our strategy and grow our business together for mutual benefit and to support our overarching 2030 Mission and our overall Vision.

## Strategic Report *(continued)*

The ultimate holding company launched its own new product 'Lixiana' in 2015 which has as expected performed strongly, and helped increase the revenue prospects of the business over the last 3 years, and it is expected to continue to drive further growth in the years to come.

As such, turnover has increased by 51% (2020: *increased by 48%*).

The company's future relies on continued growth of Lixiana as well as the launch of additional products being added to current portfolio, for which the ultimate holding company is continuously working on with more products in the R&D pipeline.

The company's financial assets and liabilities mainly comprise of fixed assets, cash, trade payables and receivables and other payables and receivables arising directly from operations.

The main financial risk from the company's operations is credit risk. The directors review and agree policies for managing the risk.

The company has a distribution agreement with a distributor to manage its sales invoicing and cash collection. The exposure to credit risk is monitored by the distributor on an on-going basis. Credit evaluations are performed on all customers before an account is setup with them, and is re-checked each year thereafter.

The company has a policy on corporate social responsibility and contributes actively to reduce carbon footprints in the environment in which it operates.

The company has developed and continues to nurture a high performance organisation.

By order of the board



**Adam Pateman**  
*Director*

26 November 2021

## Directors' Report

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

### Results and dividends

The profit after tax for the financial year amounted to £3,480,000 (2020: £850,000). The directors recommended payment of a £5m dividend for this financial year (2020: £nil).

### Financial risks and uncertainties

The main financial risk from the company's operations is credit risk. The directors review and agree policies for managing the risk.

The company has a distribution agreement with a distributor to manage its sales invoicing and cash collection. The exposure to credit risk is monitored by the distributor on an on-going basis. Credit evaluations are performed on all customers before an account is setup with them, and is re-checked each year thereafter.

Daiichi Sankyo UK Limited is dedicated to ensuring patients easily obtain the medicines they need, when they need them. We have over the course of the last year had regular meetings with our Regional headquarters to review and create mitigation plans for potential risks raised by the Northern Ireland Protocol arrangements, and remain confident that we can deliver on a supply solution before the deadline runs out.

### Going concern

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Company has strong balance sheet position, with a cash balance of £9.98m and net assets of £12.27m as at 31 March 2021 (2020: £12.35m), having made a profit after tax for the year of £3.48m (2020: £0.85m) and delivered net cash flows from operating activities of £8.65m (2020: £1.91m) for the period then ended.

The directors have considered the significant economic challenges arising from the COVID-19 pandemic and the potential ongoing impact on the entity's operations. To date the COVID-19 pandemic has not significantly impacted the Company's operations or demand for the Company's products. Subsequent to year end and up to the date of approval of these financial statements, revenues have continued to grow as a result of growth in the number of patients that require treatment of non-valvular cardiovascular hypertension atrial fibrillation. As a result of COVID-19, the Company has also seen an increase in its revenue driven from patients switching from the treatments that required close monitoring of the patients at the hospitals.

The Directors have prepared cashflow forecasts to support their assessment of a 12 month look forward period, including a severe but plausible downside scenario that could arise if revenues were to reduce compared to the board's current expectations. In preparing those forecasts they have considered the impacts of COVID-19, specifically no increase in the number of new patients diagnosed with non-valvular cardiovascular hypertension atrial fibrillation and no revenue from new products launched by the group in FY 2020/21. The revenue reduction modelling is accompanied by appropriate corresponding inventory purchase cost reductions which are considered realistic based on no intake of new patients. These forecasts do not include any cost saving measures for operating expenses.

Accordingly, the directors are confident that the Company will have sufficient funds to continue in operational existence and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. Therefore, they continue to adopt the going concern basis of accounting in preparing these financial statements.

### Directors

The directors who held office during the year and up to the date of signing the financial statements was as follows:

Manuel Reiberg  
Adam Pateman  
Claire Spinks-Gillen

### Political and charitable contributions

The company made charitable donations of £62,820 during the year (2020: £44,660). The company made no political donations (2020: £nil).

## Directors' Report *(continued)*

### Greenhouse gas emissions, energy consumption and energy efficiency

The Company uses the following energy sources to carry out its business. Electricity is used for the head office building. Mileage is paid to staff for business travel.

The Company aims to:

- Lower the environmental impact of all operations by conserving energy and resources, reducing greenhouse gas emissions and waste.
- Lower environmental risks by continuously improving our environmental management systems in such areas as environmental compliance, pollution prevention, and chemical substances management.
- Manage the external risks that have the potential to generate a change in business operations, such as climate change and water risks.
- Ensure that operations reflect the need to preserve biodiversity and use ecosystem services sustainably.
- Enhance environmental disclosure, improve the reliability of information, and engage in environmental communications with stakeholders.

	2021 Tonnes CO <sup>2</sup>	2020 Tonnes CO <sup>2</sup>
<b>UK Emissions from:</b>		
Electricity use	9	19
Gas combustion	-	-
Fuel consumption	4	220
	<b>2021 kWh</b>	<b>2020 kWh</b>
<b>UK Energy consumed:</b>		
Electricity use	36,859	74,000
Gas combustion	-	0
Fuel consumption	18,211	910,538
	<b>2021 Ratio</b>	<b>2020 Ratio</b>
<b>Company's Chosen Intensity Measurement</b>		
Total CO <sub>2</sub> emissions (tonnes) per £1m of revenue	0.20	5.48

Consumption data was determined by using invoices from suppliers and estimating fuel usage based on expenditure.

Emissions were determined by applying the UK government conversion factors to the energy consumption values and aggregating the total.

## **Directors' Report** *(continued)*

### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are aware, there is no relevant audit information of which the company's auditor is unaware and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the board.



**Adam Pateman**  
*Director*

Building 4  
Uxbridge Business Park  
Sanderson Road  
Uxbridge  
UB8 1DH  
26 November 2021

## **Statement of directors' responsibilities in respect of the Strategic Report, Directors' Report and the Financial Statements**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAIICHI SANKYO UK LIMITED**

### **Opinion**

We have audited the financial statements of Daiichi Sankyo UK Limited ("the company") for the year ended 31 March 2021 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity, Cashflow Statement, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

### **Going concern**

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the company will continue in operation.

### **Fraud and breaches of laws and regulations – ability to detect**

#### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and Management meeting minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAIICHI SANKYO UK LIMITED (continued)**

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible pressures to meet profit targets, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because of the nature of revenue transactions of the company with limited judgemental aspects. We have also identified a fraud risk related to under accrual of rebates in response to possible pressure to meet profit targets.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue and cash journals posted to unrelated account combinations.
- Testing a sample of rebates to assess whether the rebate has been calculated based on the revenue recognized during the year and the terms of the rebate arrangement.

### *Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation, and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: ABPI Code of Practice, health and safety, anti-bribery, employment laws and data protection recognizing the nature of Company's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAIICHI SANKYO UK LIMITED (continued)**

### *Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

### **Strategic report and directors' report**

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

### **Matters on which we are required to report by exception**

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

### **Directors' responsibilities**

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DAIICHI SANKYO UK LIMITED (continued)**

### **Auditor's responsibilities**

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

### **The purpose of our audit work and to whom we owe our responsibilities**

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

*M Usman*

**Muhammad Usman (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
KPMG LLP  
58 Clarendon Road  
Watford  
WD17 1DE

Date: 29 November 2021

**Income Statement**  
*for the year ended 31 March 2021*

	<i>Note</i>	2021 £000	2020 £000
Turnover		65,960	43,548
Cost of sales		(60,727)	(35,178)
<b>Gross profit</b>		<b>5,233</b>	<b>8,370</b>
Operating expenses		(38,884)	(33,925)
Other operating income	2	37,991	26,646
<b>Operating profit</b>		<b>4,340</b>	<b>1,091</b>
Financial income	6	5	37
Financial expenses	7	(70)	(87)
<b>Net financing expense</b>		<b>(65)</b>	<b>(50)</b>
<b>Profit before tax</b>		<b>4,275</b>	<b>1,041</b>
Taxation	8	(795)	(191)
<b>Profit for the financial year</b>		<b>3,480</b>	<b>850</b>
<b>Other comprehensive income</b>			
<i>Items that will not be recycled to profit or loss</i>			
Actuarial gains / (losses) on defined benefit pension plans	17	1,781	(204)
Income tax on items that will not be recycled to profit or loss	8	(338)	39
<b>Other comprehensive income / (losses) for the year, net of income tax</b>	17	<b>1,443</b>	<b>(165)</b>
<b>Total comprehensive income for the year</b>		<b>4,923</b>	<b>685</b>

The results above derive from continuing operations.

The accompanying notes on page 15 to 35 are an integral part of these financial statements.

**Balance Sheet**  
*at 31 March 2021*

	<i>Note</i>	2021 £000	2020 £000
<b>Non-current assets</b>			
Intangible assets	9	98	86
Property, plant and equipment	10	1,106	70
Right-of-use assets	11	2,441	2,928
Deferred tax assets	15	151	636
		<hr/> 3,796	<hr/> 3,720
<b>Current assets</b>			
Inventories	12	12,824	15,916
Trade and other receivables	13	28,558	14,899
Cash and cash equivalents		9,981	7,828
		<hr/> 51,363	<hr/> 38,643
<b>Total assets</b>		<hr/> <b>55,159</b>	<hr/> <b>42,363</b>
<b>Current liabilities</b>			
Trade and other payables	14	(39,008)	(23,854)
Lease liabilities	11	-	(213)
		<hr/> (39,008)	<hr/> (24,067)
<b>Non-current liabilities</b>			
Provisions	16	-	(81)
Pension	20	(1,155)	(3,142)
Lease liabilities	11	(2,723)	(2,723)
		<hr/> (3,878)	<hr/> (5,946)
<b>Total liabilities</b>		<hr/> <b>(42,886)</b>	<hr/> <b>(30,013)</b>
<b>Net assets</b>		<hr/> <b>12,273</b>	<hr/> <b>12,350</b>
<b>Equity</b>			
Called up share capital	18	5,000	5,000
Retained earnings		7,273	7,350
<b>Total equity</b>		<hr/> <b>12,273</b>	<hr/> <b>12,350</b>

These financial statements were approved by the board of directors on 26 November 2021 and were signed on its behalf by:

Adam Pateman  
Director



The accompanying notes on page 15 to 35 are an integral part of these financial statements.  
Registered number: 01998736

**Statement of Changes in Equity**  
*for the year ended 31 March 2021*

	Share capital £000	Retained earnings £000	Total Equity £000
Balance at 1 April 2019	5,000	6,665	11,665
<b>Total comprehensive income for the year</b>			
Profit for the year	-	850	850
Other comprehensive loss (see note 17)	-	(165)	(165)
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	685	685
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2020</b>	<b>5,000</b>	<b>7,350</b>	<b>12,350</b>
	<hr/>	<hr/>	<hr/>
Balance at 1 April 2020	5,000	7,350	12,350
<b>Total comprehensive income for the year</b>			
Profit for the year	-	3,480	3,480
Other comprehensive gain (see note 17)	-	1,443	1,443
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	4,923	4,923
	<hr/>	<hr/>	<hr/>
Dividends paid	-	(5,000)	(5,000)
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2021</b>	<b>5,000</b>	<b>7,273</b>	<b>12,273</b>
	<hr/>	<hr/>	<hr/>

The accompanying notes on page 15 to 35 are an integral part of these financial statements.

## Cash Flow Statement

for year ended 31 March 2021

	Note	2021 £000	2020 £000
<b>Cash flows from operating activities</b>			
<b>Reconciliation of operating profit to net cash flow from operating activities</b>			
Profit for the year		3,480	850
Adjustments for:			
Depreciation, amortisation and impairment	3,11	719	265
Financial income	6	(5)	(37)
Financial expenses	7	70	87
Loss on disposal of property, plant and equipment		5	-
Taxation	8	795	191
		<hr/>	<hr/>
		5,064	1,356
Increase in trade and other receivables	13	(13,406)	(4,596)
Decrease / (Increase) in inventories	12	3,092	(1,872)
Increase in trade and other payables	14	15,072	8,142
Decrease in provisions and employee benefits	20	(275)	(275)
		<hr/>	<hr/>
		9,547	2,755
Tax paid		(901)	(850)
		<hr/>	<hr/>
<b>Net cash from operating activities</b>		8,646	1,905
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Interest received	6	5	37
Acquisition of property, plant and equipment	10	(1,366)	(263)
Acquisition of other intangible assets	9	(132)	(78)
		<hr/>	<hr/>
<b>Net cash from investing activities</b>		(1,493)	(304)
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Dividends paid to equity holders of the parent		(5,000)	-
		<hr/>	<hr/>
<b>Net cash from financing activities</b>		(5,000)	-
		<hr/>	<hr/>
Net increase in cash and cash equivalents		2,153	1,601
Cash and cash equivalents at 1 April		7,828	6,227
		<hr/>	<hr/>
<b>Cash and cash equivalents at 31 March</b>		9,981	7,828
		<hr/>	<hr/>

The accompanying notes on page 15 to 35 are an integral part of these financial statements.



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

Daiichi Sankyo UK Limited is a company incorporated and domiciled in the UK.

#### *Basis of preparation*

The company financial statements have been prepared and approved by the directors in accordance with International Accounting Standards in conformity with the requirement of Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements. The presentation currency of these financial statements is GBP which is also the functional currency of the company. All amounts in the financial statements have been rounded to the nearest £1,000.

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1 below.

#### *Measurement convention*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Property, plant and equipment*

Property, plant and equipment are stated at cost, less accumulated depreciation and any provision for impairment.

Depreciation is provided to write off the cost less the estimated residual value of each asset by equal instalments over their estimated useful economic life as follows:

Short leasehold premises	-	Initial life of lease
Computer equipment	-	3 years straight line
Fixtures & fittings	-	4 years straight line

#### *Intangible assets and amortisation*

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite.

Software purchased by the company is amortised on a 4 years straight line basis, being its estimated useful life.

#### *Going concern*

The financial statements are prepared on a going concern basis which the directors believe to be appropriate for the following reasons.

The Company has strong balance sheet position, with a cash balance of £9.98m and net assets of £12.27m as at 31 March 2021 (2020: £12.35m), having made a profit after tax for the year of £3.48m (2020: £0.85m) and delivered net cash flows from operating activities of £8.65m (2020: £1.91m) for the period then ended.

The directors have considered the significant economic challenges arising from the COVID-19 pandemic and the potential ongoing impact on the entity's operations. To date the COVID-19 pandemic has not significantly impacted the Company's operations or demand for the Company's products. Subsequent to year end and up to the date of approval of these financial statements, revenues have continued to grow as a result of growth in the number of patients that require treatment of non-valvular cardiovascular hypertension atrial fibrillation. As a result of COVID-19, the Company has also seen an increase in its revenue driven from patients switching from the treatments that required close monitoring of the patients at the hospitals.

The Directors have prepared cashflow forecasts to support their assessment of a 12 month look forward period, including a severe but plausible downside scenario that could arise if revenues were to reduce compared to the board's current expectations. In preparing those forecasts they have considered the impacts of COVID-19, specifically no increase in the number of new patients diagnosed with non-valvular cardiovascular hypertension atrial fibrillation and no revenue from new products launched by the group in FY 2020/21. The revenue reduction modelling is accompanied by appropriate corresponding inventory purchase cost reductions which are considered realistic based on no intake of new patients. These forecasts do not include any cost saving measures for operating expenses.

Accordingly, the directors are confident that the Company will have sufficient funds to continue in operational existence and to meet its liabilities as they fall due for at least 12 months from the date of approval of these financial statements. Therefore, they continue to adopt the going concern basis of accounting in preparing these financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the income statement.

#### *Financial instruments*

##### Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### Classification and subsequent measurement

##### Financial assets

###### (a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

The company does not have any financial instruments classified as TVOCI- debt investment; FVOCI – equity investment.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

## Notes (continued)

### 1 Accounting policies (continued)

#### (b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### Financial liabilities and equity

Financial instruments issued by the company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

#### Impairment

The company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

#### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Credit-impaired financial assets*

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

#### *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

#### *Taxation*

Tax on the profit or loss 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 directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

#### *Employee benefits*

##### *Defined contribution plans*

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

##### *Defined benefit plans*

The company also operates a pension scheme providing benefits based on final pensionable pay, which was frozen from 31 December 2005. The assets of the scheme are held separately from those of the company.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dates approximating to the terms of the company's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the company, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

All actuarial gains and losses as at 1 April 2012, the date of transition to Adopted IFRSs, were recognised. In respect of actuarial gains and losses that arise subsequent to transition the company recognises them in the period they occur directly into equity through the statement of comprehensive income.

## ***Notes (continued)***

### **1 Accounting policies (continued)**

#### ***Short-term benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis.

#### ***Operating expenses***

Operating expenses include selling expenses, marketing expenses, distribution costs, admin expenses, royalties and licence fees.

#### ***Turnover***

All of the company's turnover arose from sales from the principal activities in the United Kingdom, derived from the provision of goods to customers during the year. Revenue which excludes value added tax, trade discounts and rebates is recognised when the customer obtains control of the goods.

#### ***Dividend on shares presented within equity***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

#### ***Financing income and expenses***

Financing expenses comprise interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the income statement (see foreign currency accounting policy). Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that takes a substantial time to be prepared for use, are capitalised as part of the cost of that asset. Financing income comprise interest receivable on funds invested, dividend income, and net foreign exchange gains. Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

#### ***Leases***

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract that contains a lease component, along with one or more other lease or non-lease components, the Company accounts for each lease component separately from the non-lease components. The Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price and the aggregate stand-alone price of the non-lease components.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

## ***Notes (continued)***

### **1 Accounting policies (continued)**

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise;
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss.

The Company presents right-of-use assets that do not meet the definition of investment property under 'Non-current assets' and lease liabilities in 'Non-current/current liabilities' as separate line items in the statement of financial position.

### ***Critical accounting estimates and judgements***

The preparation of financial statements in conformity with Adopted IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The judgements, estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are discussed below.

### ***Defined benefit pension scheme***

The company has an obligation to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. These factors are estimated when determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends. See note 20 for the disclosures relating to the defined benefit pension scheme.

## Notes (continued)

### 2 Other operating income

Other income represents marketing allowances, marketing service income from the company's parent company and cross charges to Daiichi Sankyo Inc. on a grossed up basis.

### 3 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2021 £000	2020 £000
Depreciation and other amounts written off tangible fixed assets – owned	325	218
Amortisation of intangible fixed assets (included within operating expenses)	120	47
	<u>          </u>	<u>          </u>

*Auditor's remuneration:*

Audit of these financial statements	46	44
Amounts receivable by the auditors and their associates in respect of:		
Other audit services	4	4
Other services relating to taxation	6	5
	<u>          </u>	<u>          </u>

### 4 Remuneration of directors

	2021 £000	2020 £000
Directors' emoluments	919	813
Pension contributions	29	23
	<u>          </u>	<u>          </u>
	948	836
	<u>          </u>	<u>          </u>

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £529,000 (2020: £456,000) and company pension contributions of £nil (2020: £nil) were made to a money purchase scheme on their behalf.

	Number of directors	
	2021	2020
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	2	2

### 5. Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2021	2020
Administration	21	11
Selling and distribution	131	113
	<u>          </u>	<u>          </u>
	152	124
	<u>          </u>	<u>          </u>

The aggregate payroll costs of these persons were as follows:

	2021 £000	2020 £000
Wages and salaries	13,573	11,200
Social security costs	1,856	1,590
Other pension costs (see note 20)	1,603	1,195
	<u>          </u>	<u>          </u>
	17,032	13,985
	<u>          </u>	<u>          </u>

## Notes (continued)

### 6 Financial income

	2021 £000	2020 £000
Bank interest	5	37
Total finance income	<u>5</u>	<u>37</u>

### 7 Financial expenses

	2021 £000	2020 £000
Interest on defined benefit pension plan obligation (see note 20)	69	80
Interest other	1	7
Total finance expense	<u>70</u>	<u>87</u>

### 8 Taxation

#### *Recognised in the income statement*

	2021 £000	2020 £000
<i>Current tax expense</i>		
Current tax on income for the year	648	162
Adjustments for prior years	-	(18)
Total current tax	<u>648</u>	<u>144</u>
<i>Deferred tax (see note 15)</i>		
Origination/reversal of timing differences	147	47
Deferred tax expense	<u>147</u>	<u>47</u>
Total tax expense	<u>795</u>	<u>191</u>

#### *Income tax recognised in other comprehensive income*

	2021 £000	2020 £000
Deferred tax on actuarial gains / (losses) on defined benefit pension plans	338	(39)
	<u>338</u>	<u>(39)</u>



## Notes (continued)

### 8 Taxation (continued)

#### Reconciliation of effective tax rate

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

	2021 £000	2020 £000
Profit before tax	4,275	1,041
Current tax at 19% (2020: 19%)	812	198
<i>Effects of:</i>		
Expenses not deductible for tax purposes	3	6
Prior year adjustments	-	(18)
Other differences	(20)	5
Total current tax charge (see above)	795	191

#### Factors affecting the tax charge in future periods

A UK corporation tax rate of 19% (effective 1 April 2020) was substantially enacted on 17 March 2020 reversing the previously enacted reduction in rate from 19% to 17%. This will increase the Company's future current tax charge accordingly.

The deferred tax asset at 31 March 2021 has been calculated at 19% (2020: 19%). In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023. This will have a consequential effect on the Group's future tax charge.

## Notes (continued)

### 9 Intangible assets

	<b>Software £000</b>
<i>Cost</i>	
Balance at 1 April 2019	166
Additions	78
Disposals	-
	<hr/>
Balance at 31 March 2020	244
	<hr/>
Balance at 1 April 2020	244
Additions	132
Disposals	-
	<hr/>
Balance at 31 March 2021	376
	<hr/>
<i>Amortisation</i>	
Balance at 1 April 2019	111
Charged in the year	47
Disposals	-
	<hr/>
Balance at 31 March 2020	158
	<hr/>
Balance at 1 April 2020	158
Charged in the year	120
Disposals	-
	<hr/>
Balance at 31 March 2021	278
	<hr/>
<i>Net book value</i>	
At 31 March 2021	98
	<hr/> <hr/>
At 31 March 2020	86
	<hr/> <hr/>

Additions include acquisition of software of £132,000 (2020: £78,000).

## Notes (continued)

### 10 Property, plant and equipment

	Short leasehold premises £000	Office Equipment £000	Total £000
<b>Cost</b>			
Balance at 1 April 2019	635	415	1,050
Additions	-	263	263
Assets written off during the year	(635)	-	(635)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	-	678	678
	<hr/>	<hr/>	<hr/>
Balance at 1 April 2020	-	678	678
Additions	-	1,366	1,366
Assets written off during the year	-	(14)	(14)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	-	2,030	2,030
	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>			
Balance at 1 April 2019	635	390	1,025
Charge for year	-	218	218
Disposals	(635)	-	(635)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2020	-	608	608
	<hr/>	<hr/>	<hr/>
Balance at 1 April 2020	-	608	608
Charge for year	-	325	325
On assets written off during the year	-	(9)	(9)
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2021	-	924	924
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 31 March 2021	-	1,106	1,106
	<hr/>	<hr/>	<hr/>
At 31 March 2020	-	70	70
	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 11 Leases

#### (i) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2021 £000	2020 £000
<b>Right-of-use assets</b>		
Buildings	2,441	2,928
	<u>2,441</u>	<u>2,928</u>
<b>Lease liabilities</b>		
Current	-	213
Non-current	2,723	2,723
	<u>2,723</u>	<u>2,936</u>

#### (ii) Amounts recognised in the statement of profit or loss

	2021 £000	2020 £000
<b>Expenses related to lease recognised</b>		
Buildings	274	551
	<u>274</u>	<u>551</u>
<b>(iii) Amounts recognised in the statement of cash flows</b>	220	528
	<u>220</u>	<u>528</u>

### 12 Inventories

	2021 £000	2020 £000
Finished goods	12,824	15,916
	<u>12,824</u>	<u>15,916</u>

Changes in finished goods recognised as cost of sales in the year amounted to £60,727,000 (2020: £35,178,000). The write-down of inventories to net realisable value amounted to £1,172 (2020: £600,418 reversal). The write-down and reversal are included in cost of sales.

### 13 Trade and other receivables

	2021 £000	2020 £000
Trade receivables	12,430	10,082
Amounts owed by parent undertakings	15,296	3,782
Corporation tax	710	458
Other receivables	11	114
Prepayments	111	463
	<u>28,558</u>	<u>14,899</u>

Amounts owed by parent undertakings are unsecured, non-interest bearing and repayable on demand.

## Notes (continued)

### 14 Trade and other payables

	2021 £000	2020 £000
Trade payables	800	1,312
Amounts owed to parent undertakings	12,132	7,776
Other payables including taxation and social security	3,712	2,781
Accruals	22,364	11,985
	<u>39,008</u>	<u>23,854</u>

Amounts owed to parent undertakings are unsecured, non-interest bearing and repayable on demand.

### 15 Deferred tax asset

#### Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2021	2020	2021	2020	2021	2020
	£000	£000	£000	£000	£000	£000
Property, plant and equipment	-	15	(77)	-	(77)	15
Employee benefits	219	597	-	-	219	597
Provisions	9	24	-	-	9	24
	<u>228</u>	<u>636</u>	<u>(77)</u>	<u>-</u>	<u>151</u>	<u>636</u>

#### Movement in deferred tax during the year

	1 April 2020 £000	Recognised in income £000	Recognised in equity £000	31 March 2021 £000
Property, plant and equipment	15	(92)	-	(77)
Employee benefits	597	(40)	(338)	219
Provisions	24	(15)	-	9
	<u>636</u>	<u>(147)</u>	<u>(338)</u>	<u>151</u>

#### Movement in deferred tax during the prior year

	1 April 2019 £000	Recognised in income £000	Recognised in equity £000	31 March 2020 £000
Property, plant and equipment	49	(34)	-	15
Employee benefits	595	(37)	39	597
Provisions	-	24	-	24
	<u>644</u>	<u>(47)</u>	<u>39</u>	<u>636</u>

## Notes (continued)

### 16 Provisions

	2021 £000	2020 £000
Dilapidations	-	81
	<u>-</u>	<u>81</u>
	-	81
	<u>-</u>	<u>81</u>

The provision for dilapidations relates to property leased by the company. The provision is calculated based on future expected costs and is discounted to its net present value. The provision was utilised on the expiry of the current lease agreements during the year.

### 17 Other comprehensive income

2020	Retained earnings £000
Other comprehensive income	
Actuarial losses on defined benefit pension plans	(204)
Income tax on items included in other comprehensive income	39
	<u>-</u>
Total other comprehensive income	<u>(165)</u>

2021	Retained earnings £000
Other comprehensive income	
Actuarial gains on defined benefit pension plans	1,781
Income tax on items included in other comprehensive income	(338)
	<u>-</u>
Total other comprehensive income	<u>1,443</u>

### 18 Called up share capital

	2021 £000	2020 £000
<b>Authorised</b>		
20,000,000 ordinary shares of £1 each	20,000	20,000
	<u>20,000</u>	<u>20,000</u>
<b>Allotted, called up and fully paid</b>		
5,000,000 ordinary shares of £1 each	5,000	5,000
	<u>5,000</u>	<u>5,000</u>

Share capital consists of only equity shares.

## Notes (continued)

### 19 Commitments

#### 19 (a) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2021 £000	2020 £000
Property, plant and equipment	-	1,077

### 20 Pension

#### Defined benefit pension scheme

The company operates a pension scheme providing benefits based on final pensionable pay and the scheme has been frozen since December 2005. The latest full actuarial valuation was carried out as at 31 December 2019 and was updated for IAS 19 purposes to 31 March 2021 by a qualified independent actuary.

The actuarial gain/(loss) and related pension payments, and the prior year comparative, have been presented as part of cash flows from operating expenses as opposed to its inclusion in cash and cash equivalents. This reclassification is deemed to provide a more appropriate presentation of the cash flows.

	2021 £000	2020 £000
Present value of funded defined benefit obligations	(18,798)	(17,868)
Fair value of plan assets	17,643	14,726
Net Liabilities	(1,155)	(3,142)
Effect of asset ceiling	-	-
Closing net defined benefit liability	(1,155)	(3,142)

#### Movements in present value of defined benefit obligation

	2021 £000	2020 £000
At 1 April	17,868	18,879
Past service cost	-	-
Interest cost	408	459
Actuarial gains arising from changes in scheme experience	(1,055)	(105)
Actuarial gains arising from changes in demographic assumptions	(406)	(154)
Actuarial losses / (gains) arising from changes in financial assumptions	2,220	(902)
Benefits paid	(237)	(309)
At 31 March	18,798	17,868

#### Movements in fair value of plan assets

	2021 £000	2020 £000
At 1 April	14,726	15,746
Interest income	339	379
Contributions by employer	275	275
Return on plan assets excluding interest income	2,540	(1,365)
Benefits paid	(237)	(309)
At 31 March	17,643	14,726

## Notes (continued)

### 20 Pension (continued)

#### Expense recognised in the income statement

	2021 £000	2020 £000
Interest cost on defined benefit pension plan obligation	(408)	(459)
Interest income on defined benefit pension plan assets	339	379
Interest on effect of asset ceiling	-	-
	<hr/>	<hr/>
Net interest on defined benefit liability	(69)	(80)
	<hr/> <hr/>	<hr/> <hr/>

The income / expense is recognised in the following line items in the income statement:

	2021 £000	2020 £000
Finance income	-	-
Finance expense	(69)	(80)
	<hr/>	<hr/>
Total	(69)	(80)
	<hr/> <hr/>	<hr/> <hr/>

Past service cost of £nil (2020: £nil) has been recognised in operating expenses.

Actuarial gains and losses recognised directly in equity in the statement of comprehensive income since 1 April 2011, the transition date to Adopted IFRSs:

	2021 £000	2020 £000
Cumulative amount at 1 April	(4,868)	(4,703)
Recognised in the year	1,443	(165)
	<hr/>	<hr/>
Cumulative amount at 31 March	(3,425)	(4,868)
	<hr/> <hr/>	<hr/> <hr/>

The fair value of the plan assets and the return on those assets were as follows:

	2021 Fair value £000	2020 Fair value £000
Equities	12,612	9,683
Bonds	2,601	2,473
Other	2,430	2,570
	<hr/>	<hr/>
	17,643	14,726
	<hr/> <hr/>	<hr/> <hr/>
Return on plan assets excluding interest income	2,540	(1,365)
	<hr/> <hr/>	<hr/> <hr/>

The expected contributions to the plan for the next annual reporting period is £785,000. This includes a one-off additional contribution of £550,000.



## Notes (continued)

### 20 Pension (continued)

Principal actuarial assumptions (expressed as weighted averages) used at the year end were as follows:

	2021	2020
Discount rate applied to scheme liabilities	2.15%	2.30%
Inflation assumption – RPI	3.25%	2.55%
Inflation assumption – CPI	2.75%	2.05%
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.75%	2.05%
Allowance for pension in payment increases of RPI or 5% p.a. if less, minimum 3% p.a.	3.70%	3.40%
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.10%	2.50%

In valuing the liabilities of the pension fund at 31 March 2021, mortality assumptions have been made as indicated below.

The mortality assumptions adopted at 31 March 2021 are 103% of the standard tables S3PMA /S3PFA\_M, Year of Birth, no age rating for males and females, projected using CMI\_2019 converging to 1.25% p.a. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

- Current pensioner aged 65: 21.9 years (male), 23.7 years (female).
- Future retiree currently aged 45 upon reaching 65: 23.3 years (male), 25.2 years (female).

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

	2021		2020	
	increase £000	decrease £000	increase £000	decrease £000
Discount rate (1% (2020 - 1%) movement)	(3,675)	4,609	(3,607)	4,840
RPI inflation (incl. effects on CPI, 1% (2020 - 1%) movement)	2,388	(2,203)	3,439	(3,520)
Life expectancy (increase by 1 year)	552	(545)	585	(579)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### Defined contribution pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £1,603,000 (2020: £1,195,000).

Contributions amounting to £1,000 (2020: £3,000) were payable to the scheme and are included in creditors.

## Notes (continued)

### 21 Financial instruments

#### *Fair values of financial instruments*

##### *Trade and other receivables*

The fair value of trade and other receivables, excluding construction contract debtors, is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

##### *Trade and other payables*

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

##### *Cash and cash equivalents*

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

The fair values of all financial assets and financial liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount 2021 £000	Fair value 2021 £000	Carrying amount 2020 £000	Fair value 2020 £000
<b>Financial assets</b>				
Cash and cash equivalents	9,981	9,981	7,828	7,828
Other loans and receivables (note 13)	27,737	27,737	14,436	14,436
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total loans and receivables	37,718	37,718	22,264	22,264
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total financial assets	37,718	37,718	22,264	22,264
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>				
Trade and other payables (note 14)	12,975	12,975	9,089	9,089
Lease liabilities (note 11)	2,723	2,723	2,936	2,936
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total financial liabilities	15,698	15,698	12,025	12,025
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total financial instruments	22,020	22,020	10,239	10,239
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

## Notes (continued)

### 21 Financial instruments (continued)

#### Financial risk management

The company's principal financial instruments comprise amounts owed by the distributor, cash at bank and equity share capital. The main purpose of these financial instruments is to provide financing for the company's operations.

The company's activities expose it to a variety of financial risks including credit risk, liquidity risk and foreign currency risk. The company's overall risk management strategy seeks to limit the potential adverse effects of these risks on the company, taking into account the overall risk management strategy.

The main risks arising from the company's activities are credit risk, liquidity risk and foreign currency risk and these risks are discussed further below.

#### Credit risk

The carrying amount of trade receivables represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £12,430,000 (2020: £10,082,000) being the total of the carrying amount of financial assets, excluding equity investments, shown in the table below. The company does not consider receivables from Group companies to have a credit risk.

The concentration of credit risk for trade receivables at the balance sheet date by counterparty was:

	2021 £000	2020 £000
Distributor	12,430	10,082
Related Party	-	-
	<u>12,430</u>	<u>10,082</u>

The ageing of trade receivables at the balance sheet date was:

	Gross 2021 £000	Impairment 2021 £000	Gross 2020 £000	Impairment 2020 £000
Not past due	12,430	-	10,082	-
Past due	-	-	-	-
	<u>12,430</u>	<u>-</u>	<u>10,082</u>	<u>-</u>

Credit quality of financial assets that are neither past due nor impaired is not exposed as a credit risk as it is monies receivable from distributor for sales made at the year end. The distributor's credit history has been very good, so it is not considered to be a significant credit risk.

#### Liquidity risk

The company has cash and cash equivalents at the balance sheet date of £9,981,000 (2020: £7,828,000). The amount comprises of current balances held with banks with insignificant risk of changes in value.

## Notes (continued)

### 21 Financial instruments (continued)

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements:

	Carrying amount 2021 £000	Contractual cash flows 2021 £000	1 year or less 2021 £000	1 year to < 5 years 2021 £000	5 years and over 2021 £000
<b>Non-derivative financial liabilities</b>					
Trade and other payables	12,975	12,975	12,975	-	-
Lease liabilities	2,723	2,723	272	1,089	1,361
	<u>15,698</u>	<u>15,698</u>	<u>13,247</u>	<u>1,089</u>	<u>1,361</u>
	Carrying amount 2020 £000	Contractual cash flows 2020 £000	1 year or less 2020 £000	1 year to < 5 years 2020 £000	5 years and over 2020 £000
<b>Non-derivative financial liabilities</b>					
Trade and other payables	9,089	9,089	9,089	-	-
Lease liabilities	2,936	2,936	486	1,089	1,361
	<u>12,025</u>	<u>12,025</u>	<u>9,575</u>	<u>1,089</u>	<u>1,361</u>

### Foreign currency risk

The company's foreign currency risk is insignificant as its trade receivables, trade payables and bank loan are denominated in Sterling.

## Notes (continued)

### 22 Related parties

Transactions and balances with related parties during the year are shown below. Transactions were undertaken in the ordinary course of business. Outstanding balances are unsecured and will be settled in cash.

	Value of transactions 2021 £000	Receivable/ (payable) at year end 2021 £000	Value of transactions 2020 £000	Receivable/ (payable) at year end 2020 £000
Costs recharged to Daiichi Sankyo Europe GmbH	31,986	15,284	27,265	3,782
Costs recharged from Daiichi Sankyo Europe GmbH	(71,096)	(12,132)	(50,080)	(7,773)
Costs recharged from Daiichi Sankyo Incorporated	-	-	-	-
Costs recharged to Daiichi Sankyo Ireland	49	34	17	-
Costs recharged from Daiichi Sankyo Oncology Europe GmbH	-	-	(3)	(3)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

### 23 Ultimate parent company and parent undertaking of larger group of which the company is a member

The largest group for which group accounts are drawn up and of which the company is a member is that headed by the ultimate parent company, Daiichi Sankyo Co, Limited, incorporated in Japan. The consolidated accounts of this group are available to the public and may be obtained from 3-5-1 Nihonbashi Honcho, Chuo-ku, Tokyo 103-8426, Japan.

The smallest group in which the results of the company are consolidated is that headed by Daiichi Sankyo Northern Europe GmbH, incorporated in Germany. The consolidated accounts of these groups can be obtained from Daiichi Sankyo Europe GmbH, Zielstattstrasse 48, 81379 Munich, Germany.