

Registration number: 4217656

# Summit Pharmaceuticals Europe Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2020



## **Summit Pharmaceuticals Europe Limited**

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## **Summit Pharmaceuticals Europe Limited**

### **Strategic report for the Year Ended 31 March 2020**

The directors present their strategic report for the year ended 31 March 2020.

#### **Principal activities**

Summit Pharmaceuticals Europe Limited (the "Company") trades in pharmaceutical and cosmetic products, selling to the United Kingdom, European and other markets. The Company is based in London and has branches in Milan, Madrid and Dusseldorf.

There have not been any significant changes in the Company's principal activities in the year under review.

#### **Business review**

For the year ended 31 March 2020, the Company made a profit after tax of €1,754,000 (2019: €1,848,000). Turnover reduced to €27,682,000 (2019: €29,506,000) and operating profit fell to €2,480,000 (2019: €2,771,000) due to the small reduction in sales margin due to higher supplier prices due to market situation.

The balance sheet shows net assets of €4,918,000 (2019: €4,885,000) and net current assets of €4,828,000 (2019: €5,330,000). For detailed breakdowns of current assets and liabilities please see notes 13-21.

Sumitomo Corporation manages its operations in Europe on a regional basis. For this reason, the Company's directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the European division of Sumitomo Corporation, which includes this Company, is discussed in the global group's Annual Report which does not form part of this report.

#### **Principal risks and uncertainties**

Competitive pressures in the European operating environment provide a continuing risk to the Company, which could result in loss of business to its competitors. The key factor for the Company in managing this risk is to maintain and enhance the close relationships with its customers and suppliers.

As the result of a referendum held in June 2016 the United Kingdom decided to leave the European Union. Since the referendum the directors have continued to monitor developments and assess the potential impact on the Company.

On 3rd July 2020 SCEU and SC Tokyo sold their respective shareholding to Summit Pharmaceutical International (SPI) After this transaction SPE UK became a 100% subsidiary owned by SPI. This restructure is related to the relocation for the headquarters from London to Italy.

On 13 July 2020 a new company, Summit Pharmaceuticals Europe S.r.l. (SPE Italy) was incorporated. a limited liability company incorporated under the laws of Italy is established.

#### **Foreign exchange risk**

The Company operates in a multi-currency environment and is therefore exposed to currency risks arising from the movement between its principal trading currencies of USD, GBP and JPY, and its reporting currency EUR. The Company manages these risks by entering into forward exchange contracts through its fellow group company, Sumitomo Corporation Europe Limited.

## **Summit Pharmaceuticals Europe Limited**

### **Strategic report for the Year Ended 31 March 2020 (continued)**

#### **Liquidity and cash flow risk**

To manage cash and liquidity the Company operates a central pooling of bank balances of all of its branches across Europe to the Head Office. Cash and liquidity is managed in conjunction with its fellow group company, Sumitomo Corporation Europe Limited.

#### **Credit risk**

The Company's principal financial assets are cash, trade and other receivables.

The Company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

As part of its risk management control, the Company takes out an insurance policy in order to limit its exposure to credit risk.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Company places a high importance on risk management and in ensuring that the Company's customers and vendors have a sound financial base. The current economic problems in the financial and commodity markets have not led to an increase in the bad debts incurred by the Company.


#### **Price risk**

The Company monitors changes in commodity prices on a continual basis to ensure that the Company maintains control over its gross trading profit and inventory value.

#### **Covid 19 considerations**

The global spread of COVID-19 has resulted in governments taking varied actions towards stemming its spread and also bolstering economies. Consequently, the global economy, has seen a slowdown of economic activity in many sectors and increased volatility in the financial markets including the UK. The impact of COVID-19 is expected to continue for the coming months with likely adverse effects on the operations and financial position of the business. The Company is closely monitoring the spread of COVID-19, the actions and reactions of Governments and the potential effects it will have on its business.

Approved by the Board on 16 October 2020 and signed on its behalf by:

  
.....  
Y Miyamoto  
Director

Company Registration No: 4217656

Vintner's Place  
68 Upper Thames Street  
London  
EC4V 3BJ

## **Summit Pharmaceuticals Europe Limited**

### **Directors' report for the Year Ended 31 March 2020 (continued)**

The directors present their report and the financial statements for the year ended 31 March 2020.

#### **Going concern**

A novel strain of coronavirus (COVID-19) that first surfaced in China was classified as a pandemic by the World Health Organization on 11 March 2020, impacting countries globally. In considering going concern, the Company continues to closely monitor developments related to the outbreak of COVID-19. The potential impacts from COVID-19 remains uncertain, including, among other things, economic conditions, businesses and consumers.

To assess any potential impact on the Company, the directors reassessed the components of funding, liquidity and the financial position of the Company and have concluded that the going concern basis is still appropriate. The reassessment was completed with reference to the Company's access to the Group Facilities received from other Sumitomo Corporation Group Companies to cover credit losses, if any, and Sumitomo Corporation Group's COVID-19 related stress testing which demonstrated that the Company has sufficient funding and liquidity to withstand the current market conditions. The Company has invoked its business continuity plans following the advice from Government restricting movement of people and there has been no material impact on the operations of the Company and it has generated profits post year end. Also, the markets in which the Company transacts in have continued to be active and there is sufficient liquidity in these markets, implying that trading will continue unabated for the 12 months from date of approving financial statements.

The Company has and continues to assess material risks and their implications to the business operations and as a result of the global spread of COVID-19. As this is an evolving situation, emerging risks are reviewed and actively managed accordingly as they arise.

After the Brexit transitional period, REACH and CLP registrations will be no longer applicable to UK companies. They will be considered extra-EU legal entities and their REACH registrations as well as CLP notifications will be void since these duties can only be directly fulfilled by EU companies. UK-based companies are required to transfer their registrations and/or notifications to EU-27 based companies if they still want to continue doing business the same way in the EU/EEA from 1st Jan 2021.

The directors have established SUMMIT PHARMACEUTICALS EUROPE S.R.L. ("SPE Italy"), a limited liability company incorporated under the laws of Italy.

SPE London and SPE Italy propose to enter into a Cross-Border Merger with the subsequent dissolution and extinction without liquidation of SPE London. All of SPE London's UK assets and liabilities, as well as the rights and obligations arising from the contracts of employment, in whole will transfer to SPE Italy at the legal effective date.

For the purposes of the Merger, the value of the Assets and Liabilities to be transferred to SPE Italy shall be the net book value of such Assets and Liabilities as set out in the management accounts of SPE London as at 30 September 2020 (properly adjusted taking into account of the changes occurred up to the Legal Effective Date). This will be classified as business combination under common control and hence no gain/loss will be recognised.

In previous years, the financial statements have been prepared on a going concern basis. However, on 13 July 2020 the directors took the decision to cease trading effective from 30 November 2020 following the sale of shareholding to Summit Pharmaceutical International (SPI). Accordingly, the directors have not prepared the financial statements on a going concern basis which has resulted in the provision for employee benefits being reclassified from non-current to a current liability.

## Summit Pharmaceuticals Europe Limited

### Directors' report for the Year Ended 31 March 2020 (continued)

#### Directors' of the Company

The directors, who held office during the year and up to the date of this report were as follows:

Y Terawaki (resigned 27 January 2020)

Y Miyamoto

T Kitamura

T Yamana

T Nishihara

H Morizumi

#### Dividends

The Company paid a dividend in the year of €1,747,000/ €1.08 per share (2018: €1,330,000/ €0.82 per share).

#### Directors' indemnities

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006 during the financial year and at the date of this report. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

#### Political contribution

The Company made no political donations during the year (2019: nil).


#### Disclosure of information to the auditors

Each director who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

#### Reappointment of auditors

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.

Approved by the Board on 16 October 2020 and signed on its behalf by:

  
.....  
Y Miyamoto  
Director

Company Registration No: 4217656

Vintner's Place  
68 Upper Thames Street  
London  
EC4V 3BJ

## **Summit Pharmaceuticals Europe Limited**

### **Statement of directors' responsibilities**

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the they have elected to prepare the financial statements in accordance with with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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 apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 (as explained in note 2, the directors do not believe that it is appropriate to prepare these financial statements on a going concern basis).

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **Independent Auditor's Report to the Members of Summit Pharmaceuticals Europe Limited (continued)**

### **Opinion**

We have audited the financial statements of Summit Pharmaceuticals Europe Limited (the "Company") for the year ended 31 March 2020, which comprise the Profit and Loss Account and Other comprehensive income; Balance Sheet; Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; 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.

### **Emphasis of matter - non-going concern basis of preparation**

We draw attention to the disclosure made in note 2 to the financial statements which explains that the financial statements have not been prepared on the going concern basis for the reasons set out in that note. Our opinion is not modified in respect of this matter.

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

The directors are responsible for the strategic report and 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 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 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.



## **Independent Auditor's Report to the Members of Summit Pharmaceuticals Europe Limited (continued)**

### **Directors responsibilities**

As explained more fully in their statement set out on page 5, 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.

### **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.fi-c.org.uk/auditorsresponsibilities](http://www.fi-c.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.



.....  
**Sabira Datto (Senior Statutory Auditor)**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
15 Canada Square  
London  
E14 5GL

Date: 19 October 2020

## Summit Pharmaceuticals Europe Limited

### Profit and Loss Account and Other Comprehensive Income for the Year Ended 31 March 2020

	Note	2020 € 000	2019 € 000
<b>Turnover</b>	3	27,682	29,506
Cost of sales		<u>(18,965)</u>	<u>(20,347)</u>
Gross profit		8,717	9,159
Administrative expenses		(6,265)	(6,410)
Other operating income		<u>28</u>	<u>22</u>
<b>Operating profit</b>		2,480	2,771
Other interest receivable and similar income	4	12	9
Interest payable and similar charges	5	<u>(26)</u>	<u>(36)</u>
<b>Profit before tax</b>		2,466	2,744
Tax on profit	9	<u>(712)</u>	<u>(896)</u>
<b>Profit for the year</b>		<u>1,754</u>	<u>1,848</u>
Other comprehensive income for the year		<u>26</u>	<u>(20)</u>
<b>Total comprehensive income for the year</b>		<u>1,780</u>	<u>1,828</u>


The above results were derived from continuing operations.

## Summit Pharmaceuticals Europe Limited

### Balance Sheet as at 31 March 2020

	Note	31 March 2020 € 000	31 March 2019 € 000
<b>Fixed assets</b>			
Intangible assets	11	10	21
Tangible assets	10	70	91
Investments	12	10	10
		<u>90</u>	<u>122</u>
<b>Current assets</b>			
Stocks	13	4,045	8,079
Debtors	14	12,308	12,208
Cash at bank and in hand		86	23
Deferred tax asset		113	96
Other financial assets	19	19	32
		<u>16,571</u>	<u>20,438</u>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	17	(11,116)	(15,060)
Other current financial liabilities	19	(35)	(48)
		<u>(11,151)</u>	<u>(15,108)</u>
Provisions for liabilities (current)	16	(592)	-
<b>Net current assets</b>		<u>4,828</u>	<u>5,330</u>
<b>Total assets less current liabilities</b>		4,918	5,452
Provisions for liabilities (non-current)	16	-	(567)
<b>Net Assets</b>		<u>4,918</u>	<u>4,885</u>
<b>Capital and reserves</b>			
Called up share capital	15	2,399	2,399
Other reserves		6	(20)
Profit and loss account		2,513	2,506
<b>Shareholders' funds</b>		<u>4,918</u>	<u>4,885</u>

Approved by the Board on 16 October 2020 and signed on its behalf by:

  
 .....  
 Y Miyamoto  
 Director  
 Company registered number: 4217656

The notes on pages 12 to 27 form an integral part of these financial statements.

## Summit Pharmaceuticals Europe Limited

### Statement of Changes in Equity for the Year Ended 31 March 2020

	Share capital € 000	Other reserves € 000	Profit and Loss Account € 000	Total € 000
At 1 April 2018	2,399	-	1,988	4,387
Profit for the year	-	-	1,848	1,848
Total comprehensive income	-	(20)	1,848	1,828
Dividends	-	-	(1,330)	(1,330)
At 31 March 2019	2,399	(20)	2,506	4,885
	Share capital € 000	Other reserves € 000	Profit and Loss Account € 000	Total € 000
At 1 April 2019	2,399	(20)	2,506	4,885
Profit for the year	-	-	1,754	1,754
Total comprehensive income	-	26	1,754	1,780
Dividends	-	-	(1,747)	(1,747)
At 31 March 2020	2,399	6	2,513	4,918

The notes on pages 12 to 27 form an integral part of these financial statements.

## **Summit Pharmaceuticals Europe Limited**

### **Notes to the Accounts for the Year Ended 31 March 2020 (continued)**

#### **1 General information**

The Company is a private company limited by share capital, incorporated in England and Wales and domiciled in the United Kingdom.

The address of its registered office is:

Vintner's Place  
68 Upper Thames Street  
London  
EC4V 3BJ

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Basis of preparation**

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

##### **Going concern**

In previous years, the financial statements have been prepared on a going concern basis. However, in June 2020 the directors took the decision to cease trading effective from 30 November 2020 following the sale of shareholding to Summit Pharmaceutical International (SPI). Accordingly, the directors have not prepared the financial statements on a going concern basis which has resulted in the provision for employee benefits being reclassified from non-current to a current liability.

##### **Measurement convention**

The financial statements are prepared on the historical cost except for the following:

- derivative financial instruments are measured at fair value in the profit and loss; and
- other investments are measured at fair value through equity.

##### **Change in significant accounting policies**

##### **General impact of application of IFRS 16 Leases**

The Company has no eligible contracts and thus there is no impact on these financial statements.

## **Summit Pharmaceuticals Europe Limited**

### **Notes to the Accounts for the Year Ended 31 March 2020 (continued)**

#### **2 Accounting policies (continued)**

##### **Turnover**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Turnover represents the gross sales value achieved by the Company when acting as a principal together with commissions and service fees receivable. The factors which determine whether a transaction is recorded as gross or net include who carries the risk of inventory or credit risk, who fixes the contract price and product specification, and whether there is payment of fixed commission to the Company. The gross contract values where the Company does not act as a principal are excluded from turnover and cost of sales to reflect the substance of these transactions.

Sales of goods are recognised when goods are delivered and title has passed. Commission income is recognised when the service for which the commission relates has been completed.

##### **Foreign currency transactions and balances**

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The results of overseas operations with different functional currencies are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the results of overseas operations are reported in the statement of total recognised gains and losses.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit and loss account for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity. Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

##### **Tax**

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

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

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 2 Accounting policies (continued)

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

#### Tangible assets

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

#### Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows: Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

Asset class	Depreciation method and rate
Leasehold buildings	Over the term of the lease
Plant and machinery, fixtures and fittings	Over a period between 3 and 10 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

#### Intangible assets

Intangible fixed asset are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation methods, useful lives and residual values are reviewed at each balance sheet date.

#### Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows: Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of intangible fixed assets. The estimated useful lives are as follows:

Asset class	Amortisation method and rate
Software	Over a period between 5 and 10 years

#### Stock

Stocks are stated at cost less any provision required to reduce the carrying amount to net realisable value. Cost represents invoiced price together with, as appropriate, directly related overheads.

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 2 Accounting policies (continued)

##### Trade creditors

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

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

##### Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

##### Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

##### Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.



## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 2 Accounting policies (continued)

##### Financial Instruments

Financial assets and liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

##### Trade receivables

Trade receivables, including balances held with group companies, are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. All transactions are recognised on their transaction date.

##### Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank balances and cash comprise time deposits with an original term of three months or less and interest is calculated by reference to London Interbank Offered Rate (LIBOR). The carrying amounts represent their fair value. As such no disclosure of fair value is required, all transactions are recognised on their transaction date.

##### Financial liabilities and equity

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- 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
- 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 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.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy) are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

##### Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

##### Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

## **Summit Pharmaceuticals Europe Limited**

### **Notes to the Accounts for the Year Ended 31 March 2020 (continued)**

#### **2 Accounting policies (continued)**

The results of overseas operations with different functional currencies are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the results of overseas operations are reported in the statement of total recognised gains and losses.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items earned at fair value are included in the profit and loss account for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

#### **Derivatives**

The Company uses derivative financial instruments such as foreign exchange forward contracts and commodity swaps to hedge its risk associated with foreign exchange fluctuations and commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value through the profit and loss account. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

#### **Pension costs**

The Company operates a group personal pension plan and contributes on a monthly basis to the individual personal pension plans. These contributions are charged against the profits of the year in which they become payable. For the branch in Milan, Italy, the Company maintains a *Trattamento Fine Rapporto* (TFR).

#### **Related parties**

As a wholly-owned subsidiary of the ultimate parent, the company has taken advantage of the disclosure exemptions in FRS 101 sub-paragraphs 8(j) and 8(k) and therefore has not disclosed details in these financial statements of transactions with companies wholly owned within the Sumitomo Corporation group.

#### **Cash flow statement**

The Company has not prepared a cash flow statement as allowed by FRS 101 sub-paragraph 8(h) on the basis that the ultimate parent company produces consolidated accounts, which include a cash flow statement, into which the company's accounts are fully consolidated.

#### **3 Turnover**

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts, value added tax and other sales related taxes. The turnover is attributable to the trading of pharmaceutical and cosmetic products. In the opinion of the directors, it is seriously prejudicial to the interests of the Company and not meaningful to give an analysis of turnover by geographical area.

The gross value of trades where the Company acted as both principle and agent during the year is €66,391,000 (2019: €62,030,000), with associated cost of sales of €57,226,000 (2019: €52,871,000). The net value of these transactions is included in the turnover of €27,682,000 (2019: €29,506,000).

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 4 Other interest receivable and similar income

	2020 € 000	2019 € 000
Interest income on bank deposits	<u>12</u>	<u>9</u>

#### 5 Interest payable and similar charges

	2020 € 000	2019 € 000
Interest on bank overdrafts and borrowings	20	25
Other finance costs	<u>6</u>	<u>11</u>
	<u>26</u>	<u>36</u>

#### 6 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2020 € 000	2019 € 000
Wages and salaries	2,712	2,422
Social security costs	423	417
Other post-employment benefit costs	<u>53</u>	<u>62</u>
	<u>3,188</u>	<u>2,901</u>

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

	2020 No.	2019 No.
Sales and administration	<u>36</u>	<u>37</u>

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 7 Directors' remuneration

The directors' remuneration for the year was as follows:

	2020	2019
	€ 000	€ 000
Remuneration	<u>309</u>	<u>217</u>

No pension contributions were made in respect of directors (2019: €nil).

No remuneration were paid to any other directors directly in respect of their services to the Company in the current financial year. For the directors holding office during the year, their duties to the Company are considered to be incidental to their other duties within Sumitomo Corporation and therefore no allocation has been made.

In respect of the highest paid director:

	2020	2019
	€ 000	€ 000
Remuneration	<u>309</u>	<u>217</u>

Directors do not have share options and did not receive awards during the year in the form of shares under long-term incentive schemes (2019: €nil). Directors' pensions are borne by the ultimate parent company.

#### 8 Auditors' remuneration

	2020	2019
	€ 000	€ 000
Audit of the financial statements	<u>122</u>	<u>135</u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the financial statements of the Company's parent, Sumitomo Corporation Europe Holdings Ltd.

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 9 Income tax

Tax charged/(credited) in the profit and loss account

	<b>2020</b>	<b>2019</b>
	<b>€ 000</b>	<b>€ 000</b>
<b>Current taxation</b>		
UK corporation tax	470	518
UK corporation tax adjustment to prior periods	2	18
Double taxation relief	<u>(427)</u>	<u>(488)</u>
	45	48
Foreign tax	684	806
Foreign tax adjustment to prior periods	<u>-</u>	<u>46</u>
	684	852
Total current income tax	729	901
<b>Deferred taxation</b>		
Arising from origination and reversal of temporary differences	<u>(17)</u>	<u>(4)</u>
Tax expense in the profit and loss account	<u>712</u>	<u>896</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2019 - the same as the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	<b>2020</b>	<b>2019</b>
	<b>€ 000</b>	<b>€ 000</b>
Profit before tax	<u>2,466</u>	<u>2,744</u>
Corporation tax at standard rate	469	522
Adjustments to tax charge in respect to previous periods	2	77
Expenses not deductible for tax purposes	(4)	(21)
Higher rates of tax on overseas earnings	256	319
Deferred tax credit relating to changes in tax rates or laws	<u>(11)</u>	<u>-</u>
Total tax charge	<u>712</u>	<u>896</u>

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset at 31 March 2020 has been calculated at 19% (2019: 17%).

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 10 Tangible assets

	Land and buildings € 000	Furniture, fittings and equipment € 000	Other property, plant and equipment € 000	Total € 000
<b>Cost or valuation</b>				
At 1 April 2018	101	94	151	346
Additions	-	-	54	54
At 31 March 2019	101	94	205	400
At 1 April 2019	101	94	205	400
Additions	-	-	18	18
Disposals	-	-	(12)	(12)
At 31 March 2020	101	94	210	405
<b>Depreciation</b>				
At 1 April 2018	100	82	90	272
Charge for year	1	8	28	37
At 31 March 2019	101	90	118	309
At 1 April 2019	101	90	118	309
Charge for the year	-	3	36	39
Eliminated on disposal	-	-	(12)	(12)
At 31 March 2020	101	93	141	335

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 10 Tangible assets (continued)

	Land and buildings	Furniture, fittings and equipment	Other property, plant and equipment	Total
	€ 000	€ 000	€ 000	€ 000
<b>Carrying amount</b>				
At 31 March 2020	<u>-</u>	<u>4</u>	<u>66</u>	<u>70</u>
At 31 March 2019	<u>-</u>	<u>4</u>	<u>87</u>	<u>91</u>
At 1 April 2018	<u>1</u>	<u>12</u>	<u>61</u>	<u>74</u>

Included within the net book value of land and buildings above is €Nil (2019 - €Nil) in respect of long leasehold land and buildings and €Nil (2019 - €Nil) in respect of short leasehold land and buildings.

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 11 Intangible assets

	Internally generated software development costs € 000	Other intangible assets € 000	Total € 000
<b>Cost or valuation</b>			
At 1 April 2018	204	20	224
Additions	15	1	16
At 31 March 2019	219	21	240
At 1 April 2019	219	21	240
Disposals	(3)	-	(3)
At 31 March 2020	216	21	237
<b>Amortisation</b>			
At 1 April 2018	174	11	185
Amortisation charge	30	4	34
At 31 March 2019	204	15	219
At 1 April 2019	204	15	219
Amortisation charge	4	4	8
At 31 March 2020	208	19	227
<b>Carrying amount</b>			
At 31 March 2020	9	1	10
At 31 March 2019	15	6	21
At 1 April 2018	30	9	39



## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 12 Investments

##### Other investments

	2020 € 000	2019 € 000
Investments carried at fair value	<u>10</u>	<u>10</u>

The Company holds one share (0.2%) in Immobiliare Golf Castel Conturbia SpA, a sports leisure company located in Agrate Conturbia, Novara, Italy.

#### 13 Stock

	31 March 2020 € 000	31 March 2019 € 000
Finished goods and goods for resale	<u>4,045</u>	<u>8,079</u>

#### 14 Trade and other debtors

	31 March 2020 € 000	31 March 2019 € 000
Trade debtors	8,292	7,927
Amounts due from group undertakings	1,614	3,858
Accrued income	15	1
Prepayments	120	61
Other debtors	<u>2,267</u>	<u>361</u>
	<u>12,308</u>	<u>12,208</u>

Amounts due from group undertakings of €1,614,000 (2019: 3,858,000) are interest-free and repayable on-demand.

The average credit period taken on sales of goods is 55 days (2019: 56 days). This is calculated using the gross value of transactions for both principal and agency sales.

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 15 Share capital

##### Allotted, called up and fully paid shares

	31 March 2020		31 March 2019	
	No.	€	No.	€
Ordinary shares of £1 each	<u>1,614,000</u>	<u>2,399,001</u>	<u>1,614,000</u>	<u>2,399,001</u>

The value of the Company's £1 shares translated at the closing rate at 31 March 2020 is €1,818,000 (2019: €1,880,000).

#### 16 Other provisions

	Employee benefits € 000
At 1 April 2019	567
Additional provisions	25
At 31 March 2020	<u>592</u>
Current liabilities	<u>592</u>

Under Italian law the Company is required to maintain an Employees' retirement allowance: Trattamento Fine Rapporto (TFR) for its employees. The cost to the Company in cash terms during the year was €25,000 (2019: €39,000). The closing balance at year end is based on employees' salary and length of service with the Company.

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 17 Trade and other creditors

	31 March 2020 € 000	31 March 2019 € 000
Trade creditors	4,449	6,845
Accrued expenses	1,144	751
Amounts due to group undertakings	4,480	6,929
Social security and other taxes	807	447
Other creditors	236	88
	<u>11,116</u>	<u>15,060</u>

Amounts due to group undertakings of €4,480,000 are interest-free and repayable on-demand.

Trade creditors and amounts owed to group undertakings principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 35 days (2019: 42 days). This is calculated on gross cost of sales.

#### 18 Pension and other schemes

The Company operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to €12,178 (2019: €11,100).

#### 19 Financial instruments

	31 March 2020 € 000	31 March 2019 € 000
Derivative asset	19	32
Derivative liability	<u>(35)</u>	<u>(48)</u>
	<u>(16)</u>	<u>(16)</u>

#### Currency derivatives

The Company does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

The Company is a party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Company's principal markets.

	31 March 2020 € 000	31 March 2019 € 000
Forward foreign currency contracts	<u>(16)</u>	<u>(16)</u>

## Summit Pharmaceuticals Europe Limited

### Notes to the Accounts for the Year Ended 31 March 2020 (continued)

#### 19 Financial instruments (continued)

The notional value of the forward foreign currency contracts is:

	JPY	USD	EUR
	€'000s	€'000s	€'000s
Buy	304	1,355	2,630
Sell	806	1,853	1,648

The fair value is calculated using the rates obtained from Bloomberg on the last trading day of the year.

#### 20 Related party transactions

As stated in Note 1; Accounting policies, the Company has applied the exemption available under FRS 101 in respect of the transactions with wholly owned subsidiaries. The below tables represent the transactions the related parties other than wholly owned subsidiaries:

##### Sales and receivables with other related parties

	Other related parties € 000
<b>2020</b>	
Sale of goods	105
Amounts receivable from related party	53
	<hr/>
<b>2019</b>	
Sale of goods	603
	<hr/>

##### Expenditure with and payables to other related parties

<b>2020</b>	
Purchase of goods	65
	<hr/>
<b>2019</b>	
Purchase of goods	405
	<hr/>

## **Summit Pharmaceuticals Europe Limited**

### **Notes to the Accounts for the Year Ended 31 March 2020 (continued)**

#### **21 Parent and ultimate parent undertaking**

The immediate and ultimate parent company is Sumitomo Corporation, a company incorporated in Japan.

Sumitomo Corporation heads the largest group of which the Company is a member and for which group accounts are prepared. The group accounts for Sumitomo Corporation are available at Otemachi Place East Tower, 3-2 Otemachi 2-Chome, Chiyoda-Ku, Tokyo 100-8601, Japan.

#### **22 Non adjusting events after the financial period**

On 13 July 2020 the directors took the decision to cease trading effective from 30 November 2020 following the sale of shareholding to Summit Pharmaceutical International (SPI).

After this transaction SPE UK became a 100% subsidiary owned by SPI. This restructure is related to the relocation for the headquarters from London to Italy.

A new company, Summit Pharmaceuticals Europe S.r.l. (SPE Italy) has been incorporated. a limited liability company incorporated under the laws of Italy is established. It is 100% owned by SPI. Initial share capital is Euro 10,000 and is fully paid by SPI.