Registered No. 00787610

Astellas Pharma Ltd.

Reports and Financial Statements

31 March 2022

Directors
Y Santharam
J S Williams
R Borenstein
M A Read

Auditor
Ernst & Young LLP
1 More London Place
SE1 2AF

Registered Office
300 Dashwood Lang Road
Bourne Business Park
Addlestone
Surrey
KT15 2NX
United Kingdom

Directors' report

The directors present their report and financial statements for the year ended 31 March 2022.

Results and dividends

The profit for the year after taxation amounted to £5,991.62 (2021 – £3,135,000). The directors do not recommend a final dividend (2021 – £nil).

Future developments

The company actively markets and manages its portfolio of products to focus on revenue building and maintenance, which, over the life cycle of the products, can contribute to the future profits of the business.

Going concern

The company's financial statements are prepared using the going concern basis of accounting; the Directors have concluded that, based on future forecasts prepared for a period of 12 months from the date of the audit report and stress tests as well as reverse stress test of these forecasts and the provision of financial support by the parent company, Astellas Pharma BV, there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

Financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

Astellas BV ("ABV") the group company which provides the cash pool facility has net current assets of EUR 2, 263 million and net assets of EUR 2,175 million. Astellas Pharma Ltd. (the Company) meets its day to day working capital requirements through an inter-company pooling arrangement, bank loans drawn down on a short-term basis as part of long term facilities, which are expected to continue, and continuing financial support from the shareholding companies, by way of currently undrawn long term borrowing facilities. An appropriate letter of support has been provided by Astellas B.V.

The Directors of the Company have considered the impact of the COVID-19 crisis on the company's business operations and future prospects. The facilities of ABV do not feature on the list of business premises which need to close, and specific measures have been implemented to increase the workforce resilience, and to ensure adequate protection for our people. The company has therefore been allowed to continue its business uninterrupted with staff either working remotely or from the office.

The company's financial forecasts, taking into consideration the current environment, show that the company is expected to remain profitable and generate positive cash flows giving the company the ability to continue to operate for the foreseeable future.

In view of the circumstances referred to above, the directors are satisfied that financial support will be available to the company for the foreseeable future. Accordingly, the directors of the company believe that it is appropriate to adopt the going concern basis in preparing the financial statements.

However, should sufficient continuing finance not be available, the going concern basis would be invalid and adjustments would have to be made to provide for any further liabilities which might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Directors

The directors who served the company during the year and up to the date of this report were as follows:

Y Santharam (appointed 9 September 2022)

J S Williams

Directors' report (continued)

D Aldemir-Cevik (resigned 8 September 2022)

R Borenstein (appointed 1 April 2021)

M A Read (appointed 1 April 2021)

The company has granted an indemnity to one or more of 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. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Political donations

There have been no political donations in the year (2021: nil).

Disabled employees

The company considers applications for employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the company's policy to provide continuing employment wherever practical in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee involvement

The company operates a framework for employee information and consultation that complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the Astellas group has been continued through the newsletter 'Aspire' in which employees have also been encouraged to present their suggestions and views on the company's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through sharing the company's goals.

Environmental Reporting

During the fiscal year ended 31 March 2022, the Company's energy usage is below the required level to undertake a detailed energy report as per Environmental Reporting Guidelines (2018 edition).

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, the directors have taken all the steps that they are obliged to take as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In accordance with s.485 of the Companies Act 2006, a written resolution to reappoint Ernst & Young LLP as auditor will be put to the members.

Directors' report (continued)

On behalf of the Board

Y Santharam
Director
Date: 12/12/2022

Strategic report

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

Principal activity and review of the business

The principal activity of the company during the year continued to be the sale of pharmaceutical products for human use.

Key performance indicators

The company's key financial performance indicators during the year were as follows:

	2022	*2021*	*Change*
	£000	*£000*	*%*
Turnover	176,443	169,933	4%
Profit after tax	5,992	3,135	91%
Shareholder's funds	69,727	62,834	11%

Turnover increased by 4% during the year, primarily due to a new product.

Profit after tax increased by 91%. This is due to increased sales on new products, changes in our sales mix and controlling costs. The only movement on shareholder's funds relates to profit and actuarial losses for the year.

The Board's Statement on s172

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

In doing so, the directors must have regard to (among other matters) to:

- The need to create an effective environment for all shareholders of the Company and act fairly.
- Promote Patient care & improve access to Healthcare
- The likely consequences of any decision in the long term
- The interest of the Company's employees and their continued engagement
- The need to foster business relationships with suppliers, manufacturers, logistics service suppliers, patients, regulators and others.
- Recognising our Corporate Social Responsibility (CSR) for any impacts that our decisions and the business activities have on society and the environment
- Commitment to increased transparency within the pharmaceutical industry and to strengthening the public trust in the relationships between pharmaceutical companies and HCPs and HCOs
- The need to actively manages distribution channels so that products are delivered to suppliers in a timely manner.

The Company adheres to the established Corporate Governance Guidelines of Astellas Pharma Inc., which clarifies the basic views and guidelines of the Company's corporate governance. Further information can be obtained from the annual accounts and other information published on the Group's website www.astellas.com.

Strategic report (continued)

Key Stakeholders

Our People

Astellas recognises employees as important stakeholders. The company has open and direct relations with its employees via various channels of communications whether informal or formal. Support services are also available with a designated HR department dealing with all human resource scenarios. The company actively encourages training and development. We are working to train employees and strengthen their competitiveness.

Astellas is fostering a corporate culture that aims to align the aspirations of its diverse employees in one direction to realise its business philosophy. Designated systems have been implemented to give employees every opportunity to succeed.

Clients, Customers, Suppliers and Partners

Astellas is committed to fulfilling its social responsibilities in the course of conducting business activities.

Health and safety are paramount in all areas of the supply chain and value chain, from research and development to the provision of product information. We also endeavour to ensure compliance with all relevant laws and regulations in the form of training and company announcements. The company is always making sure product safety is key.

Patients

Astellas' raison d'être is to "contribute toward improving the health of people around the world through the provision of innovative and reliable pharmaceutical products."

Astellas stands on the forefront of healthcare. The company and group actively seek opportunities to turn innovative science into value for patients. The keys to our success will be our Focus Areas, Principles of Activity, and Drivers, which describe where we should create value and how we should act to realise that value.

This process originates with advances in science, and Astellas then allocates sufficient funds and implements measures to satisfy the requests and expectations of stakeholders. By creating value for patients, through this process, we will generate funds to sustain the next phase of growth and provide returns to stakeholders.

Environment & Society

At Astellas, we recognise our Corporate Social Responsibility (CSR) as our responsibility for any impacts that our decisions and the business activities have on society and the environment.

Engagement comes in various forms with various stakeholders to enhance the sustainability of society by fulfilling our social responsibilities as a pharmaceutical company: for example, providing pharmaceutical products that satisfy unmet medical needs. As a result, we earn trust from society for both the Company and our products, which enhances our sustainability.

The company and group have established five fields of CSR based management and take a broad ranging perspective. Fields include:

- Business Activities
- Society
- Employees
- Environment
- Compliance

Further Information can be found on the company website www.astellas.com

Strategic report (continued)

Principal risks and uncertainties

The company has identified the principal areas of risk that it faces as:

Impact of pharmaceutical regulations

The business is subject to various regulations including medical cost containment measures. Any tightening of these could have a negative impact on earnings. More stringent regulations governing clinical development, production and distribution of pharmaceuticals could also increase costs.

Product risk

The company's results could be adversely affected if it cannot appropriately maintain and protect patents on its leading products. If any significant product liability litigation is initiated, or if our products cause unexpected adverse effects then this too could have a negative impact on earnings.

In addition, technology is rapidly advancing, and the company faces intensifying competition. If rivals launch highly competitive peer products, the company's business results could be adversely affected.

Financial instrument risk

The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the achievement of the company's performance objectives. The objectives aim to limit undue counterparty exposure, ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The company manages its cash flow in order to maximise interest income and minimise interest expense, whilst ensuring the company has sufficient liquid resources to meet the operating needs of the business. The directors have received confirmation from the Astellas Group that financial support will be provided for the foreseeable future.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. Company policies are aimed at minimising such losses and require that deferred terms are only granted to customers who demonstrate an appropriate payment history and satisfy credit worthiness procedures, such as conducting credit checks and other established credit control procedures.

Economic Risk

As a result of COVID-19 we have advised our employees in accordance with government guidance & restrictions. While placing the highest priority on the safety of our employees, in order to continue our social mission of ensuring a stable supply of drugs, quality control, managing safety, and providing information, our essential business continues to be carried out with strict measures taken to prevent infections.

As for the supply of products, there are currently no issues caused by COVID-19, as we have been able to manage risks around procuring and distributing finished products by closely cooperating with suppliers and manufacturers taking into account business continuity and at stable supply.

The directors are, at the date of this report, continuing to monitor the ongoing uncertainty regarding Brexit and its potential impact on the company. Although the company trades with clients and suppliers across the region, and employs staff who are EU nationals, the directors consider that the risks presented by Brexit are manageable with limited impact to business performance, as a

Strategic report (continued)

result of the team that was established to monitor and manage the effective changes with suppliers, customers, employees and other stakeholders. As part of the Astellas network of companies, the directors consider that the company has access to sufficient expertise to manage the risks of Brexit effectively.

On behalf of the Board

Y Santharam
Director

Date: 12/12/2022

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 directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards FRS 101 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 and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Independent auditor's report

to the members of Astellas Pharma Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Astellas Pharma Limited for the year ended 31 March 2022 which comprise Income Statement the Statement of Financial Position, the Statement of comprehensive income, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Independent auditor's report (continued)

to the members of Astellas Pharma Ltd.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are United Kingdom Accounting Standards including FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006 and the relevant UK tax compliance regulations.

- We understood how Astellas Pharma Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes as well as consideration of the results of our audit procedures.

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls.

- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of those responsible for legal and compliance procedures; enquiries of management; performing journal entry testing with a focus on manual adjustments and journals indicating unusual transactions based on our understanding of the business, including in respect of management override through manual revenue journals and focussed testing of revenue recorded at or near the balance sheet date. In addition, we completed procedures to conclude on the compliance of the disclosures in the annual report and financial statements with all applicable reporting requirements.

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

Independent auditor's report (continued)

to the members of Astellas Pharma Ltd.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

Ernst & Young LLP

Mohan Pandian (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

12 December 2022

Income Statement

for the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Turnover	3	176,443	169,933
Cost of sales		(164,712)	(140,546)
Gross profit		11,731	29,387
Administrative expenses		(2,568)	(21,928)
Distribution expenses		(1,311)	(1,036)
Other operating income/(expenses)		52	(702)
Operating profit	4	7,904	5,721
Interest and similar expenses	7	-	(22)
Other finance expenses, net	8	(73)	(123)
Profit before taxation		7,831	5,576
Taxation on profit	9	(1,839)	(2,441)
Profit for the financial year		5,992	3,135

All amounts relate to continuing operations.

Statement of comprehensive income

for the year ended 31 March 2022

	Notes	2022 £000	2021 £000
Profit for the financial year		5,992	3,135
Other comprehensive income:			
Items that cannot be reclassified to profit or loss:			
Actuarial loss recognised in the pension scheme	16	1,112	(712)
Deferred tax expense arising thereon	9	(211)	135
Other comprehensive loss for the year, net of tax		901	(577)
Total comprehensive income for the year		6,893	2,558

Statement of changes in equity

for the year ended 31 March 2022

	Share capital £'000	*Profit and loss £'000*	*Total equity £'000*
As at 31 March 2020	11,200	49,076	60,276
Profit for the year	-	3,135	3,135
Other comprehensive income	-	(577)	(577)
Total comprehensive income for the year	-	2,558	2,558
As at 31 March 2021	11,200	51,634	62,564
Profit for the year	-	5,992	5,992
Other comprehensive income	-	901	901
Total comprehensive income for the year	-	6,893	6,893
As at 31 March 2022	11,200	58,527	69,727

Statement of financial position

at 31 March 2022

	Notes	2022 £000	2021 £000
Fixed assets			
Intangible assets	10	966	966
Tangible assets	11	4,344	4,630
		5,310	5,596
Current assets			
Stocks	12	77,325	85,162
Debtors	13	63,097	34,478
Deferred tax asset	9	607	974
		141,029	120,614
Creditors: amounts falling due within one year	14	(71,420)	(55,905)
Net current assets		69,609	64,709
Total assets less current liabilities		74,919	70,305
Creditors: amounts falling due more than one year	15	(3,224)	(3,764)
Pension liability	16	(1,968)	(3,707)
Net assets		69,727	62,834
Capital and reserves			
Called up share capital	17	11,200	11,200
Profit and loss account		58,527	51,634
Shareholder's funds		69,727	62,834

Approved by the Board of Directors and signed on their behalf by:

Y Santharam

Director

Date: 12/12/2022

Notes to the financial statements

at 31 March 2022

1. Authorisation of financial statements and statement of compliance with FRS 101

Astellas Pharma Ltd. ("the Company"), having its registered office at 300 Dashwood Lang Road, Bourne Business Park, Addlestone, Surrey, KT15 2NX, United Kingdom is a private company limited by share capital incorporated and domiciled in England and Wales. The principal activity of the company is the sale of pharmaceutical products for human use.

The financial statements of Astellas Pharma Ltd. for the year ended 31 March 2022 were authorised for issue by the board of directors on 12 December 2022 and the balance sheet was signed on the board's behalf by Y Santharam.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company has used a true and fair override in respect of the non-amortisation of goodwill (see goodwill policy below).

The company's immediate parent undertaking is Astellas Pharma Europe Ltd., a company incorporated in England. The company's ultimate parent undertaking and controlling party is Astellas Pharma Inc., which is incorporated in Japan.

2. Accounting policies

Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 March 2022. The company has taken advantage of the following disclosure exemptions under FRS 101:

(a) the requirements of IFRS 7 Financial Instruments: Disclosures;
(b) the requirements of IAS 7 Statement of Cash Flows;
(c) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
(d) the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
(e) the requirements of paragraphs 10(d), 10(f), 39(c) and 134-136 of IAS 1 *Presentation of Financial Statements*; and
(f) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  (i) paragraph 79(a)(iv) of IAS 1;
  (ii) paragraph 73(e) of IAS 16 *Property, Plant and Equipment*; and
  (iii) paragraph 118(e) of IAS 38 *Intangible Assets.*
(g) the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement.
(h) the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
(i) the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c) -135(e) of IAS 36 Impairment of Assets
(j) the requirements of paragraph 30 and 31 of IAS 8 Accounting Policies, changes in Estimates and Errors.

The company's financial statements are prepared and presented in GBP as the directors' regard this as the company's functional currency. The financial statements are prepared under the historical cost convention except where FRS 101 requires items to be accounted for at fair value.

Notes to the financial statements (continued)

at 31 March 2022

2. Accounting policies (continued)

Significant accounting policies

IFRS 16 Leases

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liabilities of the Company relate to:

a) Office buildings
b) Vehicles
c) Equipment, furniture & fittings

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate, 0.72%.

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

a) fixed lease payments (including in-substance fixed payments), less any lease incentives;

b) variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

c) the amount expected to be payable by the lessee under residual value guarantees;

d) the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and

e) payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented within the current and non-current liabilities line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The incremental borrowing rates are the rates of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The Company's IBR is calculated using various sources of information, including internal and external evidence of creditworthiness, the nature of the assets held under leases, and the various lease terms.
As the Company has no observable credit rating or publicly traded debt instruments, a synthetic credit rating estimated using a quantitative model has been used. Senior unsecured synthetic credit rating range of B- for the Company has been used for leases on motor vehicles while adjusted Senior unsecured synthetic credit rating range has been used to leases on its Office Facility. A benchmark credit yield curves has then been used as a proxy for the company specific yield curve.

Notes to the financial statements (continued)

at 31 March 2022

2. Accounting policies (continued)

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever

a) the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

b) the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

c) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented within the tangible assets line in the statement of financial position.

The Company applies IAS 36 Impairment of Assets to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the statement of profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

Notes to the financial statements (continued)

at 31 March 2022

2. Accounting policies (continued)

Going concern

The company's financial statements are prepared using the going concern basis of accounting; the Directors have concluded that, based on future forecasts prepared for a period of 12 months from the date of the audit report and stress tests as well as reverse stress test of these forecasts and the provision of financial support by the parent company, Astellas Pharma BV, there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the company to continue as a going concern.

Financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due.

Astellas BV ("ABV") the group company which provides the cash pool facility has net current assets of EUR 2,263 million and net assets of EUR 2,175 million. Astellas Pharma Ltd. (the Company) meets its day to day working capital requirements through an inter-company pooling arrangement, bank loans drawn down on a short-term basis as part of long term facilities, which are expected to continue, and continuing financial support from the shareholding companies, by way of currently undrawn long term borrowing facilities. An appropriate letter of support has been provided by Astellas B.V.

The Directors of the Company have considered the impact of the COVID-19 crisis on the company's business operations and future prospects. The facilities of ABV do not feature on the list of business premises which need to close, and specific measures have been implemented to increase the workforce resilience, and to ensure adequate protection for our people. The company has therefore been allowed to continue its business uninterrupted with staff either working remotely or from the office.

The company's financial forecasts, taking into consideration the current environment, show that the company is expected to remain profitable and generate positive cash flows giving the company the ability to continue to operate for the foreseeable future.

However, should sufficient continuing finance not be available, the going concern basis would be invalid and adjustments would have to be made to provide for any further liabilities which might arise and to reclassify fixed assets and long-term liabilities as current assets and liabilities.

Notes to the financial statements (continued)

at 31 March 2022

2. Accounting policies (continued)

Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements have had the most significant effect on amounts recognised in the financial statements:

Research and development expenditure

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

Intangible fixed assets

Concessions, patents, licences and trademarks

Concessions, patents, licences, trademarks and similar rights and assets acquired separately from a business are capitalised at cost and amortised over their lifetime.

Intangible assets created within the business are not capitalised and the expenditure is charged against profits in the year in which it is incurred.

Intangible assets, other than goodwill, are amortised on a straight-line basis over their estimated useful life of 10 years.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at lease at each financial year end.

Goodwill

The UK Companies Act requires goodwill to be reduced by provisions for depreciation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act. Had the company amortised goodwill a period of 10 years would have

been chosen as the useful life for goodwill. The profit for the year would have remained unchanged, as the goodwill would have been fully amortised in the prior year.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Notes to the financial statements (continued)

at 31 March 2022

2. Accounting policies (continued)

Depreciation is provided on all tangible fixed assets except land, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life from the date of first use, as follows:

Plant, machinery, fixtures and fittings	–	over 2 to 5 years
Leasehold improvements	–	10 years
Right of use assets	–	over 4 to 10 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate these carrying values may not be recoverable. Expenditure in respect of assets in the process of being brought into use is capitalised as an asset under the course of construction. Depreciation is charged from the date on which the asset is brought in to use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the income statement in the period of derecognition.

Impairment of non-financial assets

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the company makes an estimate of asset's recoverable amount in order to determine the extent of the impairment loss. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses on continuing operations are recognised in the income statement in those expense categories consistent with the function of the impaired asset.

For assets where an impairment loss subsequently reverses, the carrying amount of the asset or cash generating unit is increased to the revised estimate of its recoverable amount, not to exceed the carrying amount that would have been determined, net of depreciation, had no impairment losses been recognised for the asset or cash generating unit in prior years. A reversal of impairment loss is recognised immediately in the income statement.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost include all costs incurred in bringing each product to its present location and condition.

Trade and other debtors

Trade debtors are recognised and carried at the lower of their original invoiced value and recoverable amount. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit and loss. For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and economic environments. The ECL for the current and prior years are not material and are therefore not disclosed in the respective note.

Notes to the financial statements (continued)

at 31 March 2022

2. Accounting policies (continued)

Cash at bank and in hand

Cash and short term deposits in the Statement of Financial Position comprise cash at banks and in hand and short term deposits with an original maturity of three months or less.

Financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These financial assets are initially recognised at fair value. After initial recognition, they are carried at amortised cost, based on the effective interest method. Gains and losses are taken to the income statement. Amortised cost is calculated using the effective interest method less any reductions for impairment or un-collectability. The calculation takes into account any premium or discount at the time of acquisition, as well as transaction costs and fees forming an integral part of the effective interest rate.

Financial liabilities

Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities not classified at fair value through profit or loss, directly attributable transaction costs. Financial liabilities are carried at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

Revenue Recognition

Revenue is recognised when control of the promised products is transferred to the customer by the Company. This is usually done upon despatch. Revenue is measured at the fair value of the consideration received. If the transaction price in a contract includes rebates, discounts and other consideration payable to a customer, this is reduced from consideration received from the customer.

Interest income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

Income taxes

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary timing differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Notes to the financial statements (continued)

at 31 March 2022

2. Accounting policies (continued)

Income taxes (continued)

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws substantively enacted at the balance sheet date. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the income statement.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

Leasing commitments

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the income statement on a straight line basis over the lease term.

Pensions

The company operates a pension scheme, which provides benefits on a money purchase basis but with an underlying guarantee for certain members based on pensionable pay close to retirement. The assets of the scheme are held separately from those of the company, being invested with insurance companies. The cost of providing pension benefits is charged to the income statement over the period benefiting from employee's services.

Pension scheme liabilities are measured on an actuarial basis using a projected unit credit method and are discounted to their present value using the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme surplus or deficit is recognised in full on the balance sheet. The deferred tax relating to a defined benefit asset or liability is not offset against the defined benefit asset or liability and is included with other deferred tax assets or liabilities.

Increases in the present value of the scheme liabilities expected to arise from employee service in the period are charged to operating profit. The expected return on scheme assets less the increase in the present value of scheme liabilities arising from the passage of time are included in other interest and shown adjacent to interest payable. Actuarial gains and losses are recognised in other comprehensive income.

The company also contributes for some employees to their personal pension schemes in line with a group policy on a defined contribution basis. Contributions are charged to the income statement as they become payable in accordance with the rules of the scheme and the company has no potential liability other than for the payments of these contributions.

Notes to the financial statements (continued)

at 31 March 2022

3. Turnover

Turnover is recognised to the extent that the company obtains the right to consideration in exchange for its performance. Turnover is measured at the fair value of consideration received, excluding VAT. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on the dispatch of the goods.

An analysis of turnover is given below:

	2022	*2021*
	£000	*£000*
Sale of goods	176,443	169,933

An analysis of turnover by geographical market is given below:

	2022	*2021*
	£000	*£000*
United Kingdom	176,443	169,933

4. Operating profit

This is stated after charging:

	2022	*2021*
	£000	*£000*
Auditor's remuneration – audit	120	133
– other audit related services	12	4
Research and development expenditure net of recharge to affiliates	3,665	4,318
Depreciation of tangible fixed assets	832	881
Operating lease rentals – minimum lease payments	647	629
Cost of stocks recognised as expenses (included in cost of sales)	164,712	140,546

Notes to the financial statements (continued)

at 31 March 2022

5. Directors' remuneration

	2022 £000	2021 £000
Directors' remuneration	454	557
Company pension contributions	20	22
	474	579

Retirement benefits are accruing to two directors under a defined contribution pension scheme (2021 - two).

The amounts in respect of the highest paid director are as follows:

	2022 £000	2021 £000
Directors' remuneration	322	284
Company pension contributions	20	12
	342	296

6. Staff costs

	2022 £000	2021 £000
Wages and salaries	9,815	11,580
Social security costs	1,381	1,498
Other pension costs	886	1,170
	12,082	14,248

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

	2022 No.	2021 No.
Administration, marketing, research and development	120	135

7. Interest payable and similar income

	2022 £000	2021 £000
Interest payable	-	(22)

Notes to the financial statements (continued)

at 31 March 2022

8. Other finance expenses, net

	2022 £000	2021 £000
Expected return on pension scheme assets	(311)	(355)
Interest on pension scheme liabilities	384	419
Past service cost on pension scheme	-	59
	73	123

9. Tax

(a) Tax charged in the income statement

The tax expense is made up as follows:

	2022 £000	2021 £000
Current tax:		
UK corporation tax on the profit for the year	1,683	1,053
Adjustment in respect of prior years		1,486
Total current tax	1,683	2,539
Deferred tax:		
Origination and reversal of timing differences	156	(98)
Total deferred tax	156	(98)
Tax expense in the income statement	1,839	2,441

(b) Reconciliation of the total tax charge

The tax expense in the income statement differs from the standard rate of corporation tax in the UK of 19% (2021 – 19%). The differences are explained below:

	2022 £000	2021 £000
Profit on ordinary activities before tax	7,831	5,576
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2021 – 19%)	1,488	1,059
Effects of:		
Non-deductible expenses	6	(6)
Adjustment in respect of prior years	213	1,486
Other timing differences	132	(98)
Total tax expense reported in the income statement	1,839	2,441

Notes to the financial statements (continued)

at 31 March 2022

9 Tax (continued)

(c) Deferred tax

Deferred tax has been calculated applying the tax rates that have been enacted at the balance sheet date with no material effect on the Company.

	2022	*2021*
	£000	*£000*
Opening deferred tax asset	974	741
Recognised in profit during the year	(156)	98
Recognised in other comprehensive income during the year	(211)	135
At 31 March	607	974

The deferred tax in the income statement is as follows:

	2022	*2021*
	£000	*£000*
Origination and reversal of timing differences	(156)	(98)
Deferred tax expense	(156)	(98)

The deferred tax included in the Statement of Financial Position consists of:

	2022	*2021*
	£000	*£000*
Deferred tax assets relating to the deficit on pension scheme	374	704
Decelerated capital allowances	176	209
Short-term timing differences	57	61
Deferred tax asset	607	974

These deferred tax assets have been recognised as the company expects to generate taxable profits against which they can be utilised in the foreseeable future.

Notes to the financial statements (continued)

at 31 March 2022

10. Intangible fixed assets

	Concessions, patents, licenses, Trademarks, and similar rights and assets	*Goodwill*	*Total*
	£000	*£000*	*£000*
Cost:			
At 1 April 2021 and 31 March 2022	3,331	6,888	10,219
Amortisation:			
At 1 April 2021	3,331	5,922	9,253
Provided during the year	-	-	-
At 31 March 2022	3,331	5,922	9,253
Net book value:			
At 31 March 2022	-	966	966
At 1 April 2021	-	966	966

The goodwill acquired through business combinations represents the rights to distribute three transplant products. This has been allocated to one cash generating unit, transplant. This represents the lowest level within the Company at which goodwill is monitored for internal management purposes. The recoverable amount of the transplant cash generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets approved by the Directors covering a three-year period.

11. Tangible fixed assets

	Asset under Construction	*Right of use Assets*	*Plant, machinery, fixtures and fittings*	*Leasehold Improvements*	*Total*
	£000	*£000*	*£000*	*£000*	*£000*
Cost:					
At 1 April 2021		4,417	289	1,352	6,058
Additions		546			546
Transfer					
Disposals					
At 31 March 2022	-	4,963	289	1,352	6,604
Depreciation:					
At 1 April 2021	-	1,148	88	192	1,428
Charge for the year	-	623	74	135	832
Disposals					
At 31 March 2022	-	1,771	162	327	2,260
Net book value:					
At 1 April 2021		3,269	201	1,160	4,630
At 31 March 2022	-	3,192	127	1,025	4,344

Notes to the financial statements (continued)

at 31 March 2022

12. Stocks

	2022	*2021*
	£000	*£000*
Finished goods and goods for resale	77,325	85,162

13. Debtors

	2022	*2021*
	£000	*£000*
Trade debtors	31,717	31,342
Amounts owed by group undertakings	30,723	2,668
Other debtors	40	15
Prepayments and accrued income	617	453
	63,097	34,478

14. Creditors: amounts falling due within one year

	2022	*2021*
	£000	*£000*
Trade creditors	327	659
Amounts owed to group undertakings	50,651	39,406
Corporation tax	1,893	1,500
Other taxes and social security	7,811	6,777
Accruals and deferred income	10,738	7,546
Other creditors	-	17
	71,420	55,905

15. Creditors: amounts falling due more than one year

	2022	*2021*
	£000	*£000*
Dismantling provision – Dilapidations	181	181
Lease liabilities - non current	3,043	3,583
	3,224	3,764

Dilapidations provision is as a result of a commitment at the end of a 10-year lease to bring property back to its original position. Outflows will only occur at the end of the 10-year period.

Notes to the financial statements (continued)

at 31 March 2022

16. Pensions

The company operates a funded, defined benefit pension scheme, which provides benefits on a money purchase basis but with an underlying guarantee for certain members based on pensionable pay close to retirement. The scheme is an HMRC registered pension scheme and is subject to standard UK pensions and tax law. The assets of the scheme are held separately from those of the company, consisting of units in an insurance company's managed fund plus insured annuity contracts for members who have retired. The defined benefit pension scheme exposes the employer to actuarial risks, such as longevity risk, interest rate risk, salary risk, market (investment) risk and currency risk.

The Trustees of the Scheme invest the assets in line with the Statement of Investment Principles. The Statement of Investment Principles has been established taking into consideration the liabilities of the Scheme and the investment risk that the Trustees are willing to accept. Total contributions made to the scheme for the year ended 31 March 2022 were £700,000 (2021 –£332,000).

The major assumptions used by the actuary were:

	2022 %	*2021* %	*2020* %
Rate of increase in salaries	n/a	n/a	n/a
Discount rate	2.72	2.01	2.23
RPI Inflation assumption	3.56	3.33	2.61
CPI Inflation assumption	3.07	2.82	1.61
Expected return on scheme assets	2.72	2.01	2.23
Rate of increase to pensions in payment			
Lower of 5.00% and RPI	2.99	2.77	1.73
Lower of 3.00% and RPI	2.40	2.28	1.56
Lower of 2.50% and RPI	2.11	2.02	1.44

The assets in the scheme and the expected rates of return were:

	2022 %	*2022* £000	*2021* %	*2021* £000	*2020* %	*2020* £000
Equities	2.72	5,836	2.01	8,645	2.23	7,259
Bonds	2.72	5,650	2.01	5,019	2.23	4,062
Others	2.72	4,036	2.01	1,970	2.23	1,782
Total market value of assets		15,522		15,634		13,103
Actuarial value of liabilities		(17,490)		(19,341)		(16,307)
Liability in the scheme		(1,968)		(3,707)		(3,204)

Actual return on scheme assets:

	2022 £000	*2021* £000
Actual return/(loss) on scheme assets	(355)	2,522

Notes to the financial statements (continued)

at 31 March 2022

16. Pensions (continued)

Analysis of amount charged in the income statement

	2022 £000	2021 £000
Interest on obligation	384	419
Expected return on scheme assets	(311)	(355)
Past service cost	-	59
Total expense recognised in income statement	73	123

Analysis of amount recognised in the Other Comprehensive Income:

	2022 £000	2021 £000
Actual return less expected return on pension scheme assets	355	(2,167)
Experience losses arising on scheme liabilities	208	1,800
(Gain) from changes in the demographic assumptions for value of Scheme liabilities	(160)	(133)
(Gain)/loss from changes in the financial assumptions for value of Scheme liabilities	(1,515)	1,212
Actuarial (Gain)/loss recognised in other comprehensive income	(1,112)	712

Reconciliation of the present value of the defined benefit obligation:

	2022 £000	2021 £000
Opening defined benefit obligation	19,341	16,307
Interest cost	384	419
Actuarial (gains)/losses on scheme liabilities	(1,467)	2,879
Past service costs	-	59
Benefits paid	(768)	(323)
Present value of defined benefit obligation at end of year	17,490	19,341

Notes to the financial statements (continued)

at 31 March 2022

16. Pensions (continued)

Reconciliation of fair value of scheme assets:

	2022 £000	2021 £000
Fair value of scheme assets at start of year	15,634	13,103
Expected return on scheme assets	311	355
Actuarial gains/(losses) on scheme assets	(355)	2,167
Contributions by the company	700	332
Benefits paid	(768)	(323)
Fair value of scheme assets at end of year	15,522	15,634

There are no reimbursements rights recognised as assets (2021: nil).

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumptions	**Revised surplus/(deficit)** *£000*	**Change from disclosed** *£000*
Discount rate less 0.5% p.a.	(3,385)	(1,417)
RPI inflation and linked Assumptions plus 0.1% p.a.	(2,090)	(122)
Members living one year longer than assumed	(2,446)	(478)

Estimated contributions

The employer's best estimate of contributions to be paid to the scheme by the company next year is £700,000

(2021 – £332,000).

17. Issued share capital

Authorised, allotted, called up and fully paid	*No.*	*2022 £000*	*No.*	*2021 £000*
Ordinary shares of £1 each	11,200,000	11,200	11,200,000	11,200

Notes to the financial statements (continued)

at 31 March 2022

18. Lease

The Company has lease contracts for its office building and vehicles.

Leases of buildings have lease terms of 10 years, while vehicles generally have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets.

IFRS 16 Transition Approach

The Company has adopted IFRS 16 using the modified retrospective approach, from application date (01 April 2019).

Discount Rates

The weighted average discount rates used for office buildings and vehicle is .39% and 0.7%, respectively.

Reconciliation of lease liabilities as at 31 March 2022:

	2022	*2021*
	£000	£000
At 1 April 2021	3,903	4,043
New leases	546	96
Amortisation	-	-
Payments	(763)	(252)
Interest charged	15	16
At 31 March 2022	3,701	3,903
Current	658	320
Non-current *(See Note* 15)	3,043	3,583

Notes to the financial statements (continued)

at 31 March 2022

19. Related party transactions

As 100% of the company's voting rights are controlled within the group headed by Astellas Pharma Inc, the company has taken advantage of the exemptions contained in FRS 101 and has therefore not disclosed transactions or balances with entities which form part of the group.

There are no other related party transactions requiring disclosure.

20. Parent undertaking and controlling party

The company's immediate parent undertaking is Astellas Pharma Europe Ltd., a subsidiary of Astellas B.V.

The company's ultimate parent undertaking and controlling party is Astellas Pharma Inc, which is incorporated in Japan.

The largest group in which the results of the company are included is that headed by Astellas Pharma Inc. incorporated in Japan. The group financial statements are available to the public and may be obtained from 3-11 Nihonbashi-Honcho, 2-chome Chuo-ku, Tokyo 103, Japan. The smallest group in which they are included is that headed by Astellas Pharma Europe Ltd., a company incorporated in the United Kingdom. The group financial statements of this group are available to the public and may be obtained from the registered office of the parent company 300 Dashwood Lang Road, Bourne Business Park, Addlestone, KT15 2NX, United Kingdom.