

Glenmark Pharmaceuticals Europe Limited

Company registration number: 05040260

Strategic Report, Report of the Director and
Financial Statements for the Year Ended 31 March 2022

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for the Year Ended 31 March 2022

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Glenmark Pharmaceuticals Europe Limited

Company Information
for the Year Ended 31 March 2022

DIRECTOR:

Oliver Henry Bourne

REGISTERED OFFICE:

Laxmi House
2-B Draycott Avenue
Kenton Harrow
Middlesex
HA3 0BU

REGISTERED NUMBER:

05040260 (England and Wales)

INDEPENDENT AUDITORS:

PBG Associates Limited
Chartered Accountants and Statutory Auditors
65 Delamere Road
Hayes, Middx
UB4 0NN

Strategic Report
for the Year Ended 31 March 2022

The director presents his strategic report for the year ended 31 March 2022.

REVIEW OF BUSINESS

In the current challenging business environment, the management has delivered positive result during the year.

The outbreak of Coronavirus (COVID -19) pandemic globally caused significant disturbance and slowdown of economic activity. Measures were taken to restrict the spread of the virus, including the travel bans, quarantines, and social distancing. From April 2021, the UK government started lifting the restrictions and companies reassumed trading activities. Accordingly, there was no significant impact on the company's financial statements due to COVID-19.

Post Brexit, the company being resident in the UK is considered a third country from an EU perspective. As a result, the free movement of services rules as provided by the article 49 of the Treaty of EU no longer apply and, the company will no longer be able to sell in house products to other European GLD's in Western Europe and to non-UK third party customers.

As a result of the above, the company has transferred this part of the distribution business to another European entity Glenmark Pharmaceuticals s.r.o., based in Czech Republic.

Due to the above factors, the company has witnessed significant reduction in its turnover and generated a turnover of £51 million during the year (2021: £ 70 million).

The company has made a profit of £ 388,642 (2021: £ 593,149) for the year.

The directors do not recommend a dividend.

PRINCIPAL RISKS AND UNCERTAINTIES

Principal business and financial risks the company faces are as follows:

Operating risk:

The company acquires the bulk of its products from manufacturers who are part of the Glenmark group. It holds regular meetings with these companies to ensure minimal risk and disruptions to its supply chain.

Market risk:

The company makes considerable efforts to protect its intellectual property rights at all times, for both new and existing product, and to ensure that the company is carries on its business without infringing the rights of others.

Liquidity risk:

Liquidity risk is managed by maintaining a balance between the funding requirements to support operational and other activities and the bank balances available for this purposes. The company's liquidity risk management includes short -term cash projections and considering the level of liquid assets in relation thereto, and monitoring balance sheet liquidity on a frequent basis.

Foreign exchange risk:

A significant portion of the company's trading transactions are carried out in the local currency (GBP). The company does not enter into any hedging instruments. The Group's hedging is centralized at the parent company.

Credit risk:

Customers comprise large corporates with low credit risk. There are not considered to be any material risks relating to individual customers or business partners. Trade debtors are also managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and the regular monitoring of amounts outstanding for both time and credit limits.

Interest rate risk:

The company owes amount to group company on which interest is payable. However, there are not considered to be any material risk regarding interest rate.

Strategic Report
for the Year Ended 31 March 2022

SECTION 172(1) STATEMENT

The Directors have acted in a way that they considered, in good faith, would be most likely to promote the success of Company for the benefits of its members as a whole, and in doing so had regard (amongst other matters) to the matters listed in section 172(1)(a) to (f) when performing their duties and comment as follows:

- a. the Directors are satisfied that the current business activity is in the long term interest of the Company and its Shareholder;
- b. the Directors considers that the employees are one of the key stakeholders and continue to focus on training and supporting of the employees in the understanding that a well informed and trained workforce is essential for the Company's ongoing success,
- c. the Directors have adequately fostered the business relationship with the suppliers, customers and others;
- d. the Directors are satisfied and have properly responded to the needs of the community and concerns regarding the environment, due to the operation of the company;
- e. the Company's business is development, registration, sales, distribution and licencing of pharmaceutical products and the Directors are satisfied that the Company have maintained a reputation for high standards of business conduct, including its dealing with its customers, employees and the regulators, and
- f. the Company has adequately and fairly kept its shareholders fully informed and provided quarterly financial statements and progress of the Company's business.

The impact of the company's operations on the community and the environment

The company, as an affiliate of the Glenmark Group, operates honestly and transparently. We consider the impact on the environment on our day-to-day operation and how this can be minimized. Further disclosure on how we promote a corporate culture based on ethical values and behaviour is included in the "Sustainability" section of Glenmark's website <http://www.glenmarkpharma.com/Responsibility>.

ON BEHALF OF THE BOARD:



.....
Oliver Henry Bourne
Director

16 May 2022

Date:

Report of the Director
for the Year Ended 31 March 2022

The director presents his report with the financial statements of the company for the year ended 31 March 2022.

PRINCIPAL ACTIVITY

The principal activities of the company in the year under review were those of development, registration, sales, distribution and licencing of pharmaceutical products. The Company has a number of products on the market and continues to add new products with the intention of bringing them on the market in due course.

DIVIDENDS

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

DIRECTORS

The director shown below has held office during the whole of the period from 1st April 2022 to the date of this report:

Mr. Oliver Henry Bourne

Changes in director holding office is as follows:

Mr. Achin Gupta (Resigned on 20th August, 2021)

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Strategic Report, the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the director must not approve the financial statements unless he is 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 AUDITORS

The auditors, PBG Associates Ltd were appointed as Statutory Auditors during the year and have indicated their willingness to Continue in office. A resolution to re-appoint them for the FY 2022-2023 will be proposed to the board.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

ON BEHALF OF THE BOARD:



.....
Oliver Henry Bourne
Director

16 May 2022

Date:

Opinion

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

In our opinion the financial statements:

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

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included, knowledge of the company and its industry, company's current and projected cash flows, inherent risks to the company's business model and analysis of risks which might affect the company's financial resources or ability to continue operation over the going concern period.

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

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

Other information

The director is responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Director, but does not include the financial statements and our Report of the Auditors thereon.

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of director

As explained more fully in the Statement of Director's Responsibilities set out on page four, the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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 those charged with governance of the Company. Our approach was as follows:

-We obtained a general understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are direct laws and regulations, related to continuing approval by MHRA, company's legislation and the financial reporting framework (UK GAAP). We obtained a general understanding of how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters of the Company.

Auditors' responsibilities for the audit of the financial statements (continued...)

-For both direct and other laws and regulations, our procedures involved: making enquiry of the directors of the Company for their awareness of any noncompliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees.

-The Company operates in the pharmaceutical industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

-Enquiries with the management concerning any actual or potential litigation or claims; inspection of relevant legal correspondence; review of board minutes; testing the appropriateness of entries in the nominal ledger, including journal entries; reviewing transactions around the end of the reporting period; and the performance of analytical procedures to identify unexpected movements in account balances which may be indicative of fraud.

No instances of material non-compliance were identified. However, the likelihood of detecting irregularities, including fraud, is limited by the inherent difficulty in detecting irregularities, the effectiveness of the entity's controls, and the nature, timing and extent of the audit procedures performed. Irregularities that result from fraud might be inherently more difficult to detect than irregularities that result from error. As explained above, there is an unavoidable risk that material misstatements may not be detected, even though the audit has been planned and performed in accordance with ISAs (UK).

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

Use of our report

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



Devender Arora ACA (Senior Statutory Auditor)
PBG Associates Limited PBG Associates Limited
Chartered Accountants and Statutory Auditors
65 Delamere Road
Hayes, Middx
UB4 0NN

Date: 16 May 2022

Profit and Loss Account
for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
TURNOVER	2	51,182,160	70,261,235
Cost of sales		<u>31,045,554</u>	<u>54,101,398</u>
GROSS PROFIT		20,136,606	16,159,837
Administrative expenses		<u>18,759,773</u>	<u>14,462,962</u>
		1,376,833	1,696,875
Other operating income	3	<u>-</u>	<u>21,402</u>
OPERATING PROFIT	6	1,376,833	1,718,277
Interest receivable and similar income	8	3,831	22,653
Interest payable and similar expenses	9	<u>(900,837)</u>	<u>(972,025)</u>
PROFIT BEFORE TAXATION		479,827	768,905
Tax on profit	10	<u>91,185</u>	<u>175,756</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>388,642</u></u>	<u><u>593,149</u></u>

Statement of Comprehensive Income
for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		388,642	593,149
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>388,642</u>	<u>593,149</u>

Balance Sheet

31 March 2022

	Notes	2022		2021	
		£	£	£	£
FIXED ASSETS					
Intangible assets	11		7,229,627		5,164,469
Tangible assets	12		128,105		202,301
Investments	13		<u>555,415</u>		<u>555,415</u>
			7,913,147		5,922,185
CURRENT ASSETS					
Stocks	14	8,666,438		10,501,504	
Debtors	15	31,124,170		29,584,125	
Cash in hand		<u>11,428,885</u>		<u>12,647,262</u>	
		51,219,493		52,732,891	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>44,865,349</u>		<u>44,776,427</u>	
NET CURRENT ASSETS			<u>6,354,144</u>		<u>7,956,464</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>14,267,291</u>		<u>13,878,649</u>
CAPITAL AND RESERVES					
Called up share capital	18	6,285,121		6,285,121	
Retained earnings	19	<u>7,982,170</u>		<u>7,593,528</u>	
SHAREHOLDERS' FUNDS	21		<u>14,267,291</u>		<u>13,878,649</u>
			<u>14,267,291</u>		<u>13,878,649</u>

The financial statements were approved by the director and authorised for issue on 16 May 2022 and were signed by:



.....
Oliver Henry Bourne
Director

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	6,285,121	7,000,379	13,285,500
Changes in equity			
Total comprehensive income	<u>-</u>	<u>593,149</u>	<u>593,149</u>
Balance at 31 March 2021	<u>6,285,121</u>	<u>7,593,528</u>	<u>13,878,649</u>
Changes in equity			
Total comprehensive income	<u>-</u>	<u>388,642</u>	<u>388,642</u>
Balance at 31 March 2022	<u><u>6,285,121</u></u>	<u><u>7,982,170</u></u>	<u><u>14,267,291</u></u>

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

1. **ACCOUNTING POLICIES**

Basis of preparation

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards including financial Reporting Standards including Financial Reporting Standard 102- The Financial Reporting Standards Applicable in the UK and Republic of Ireland (FRS 102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the company.

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

Going Concern

At the time of approving the financial statement, the director has a reasonable explanation that the company has adequate resources to continue in operational existence for the foreseeable future. The director has prepared the financial statements on the going concern basis as the director does not intend to liquidate the company or to cease its operations, and as it is concluded that the company's financial position means that this is realistic. Director has also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("The going concern period").

Thus, the directors continue to adopt the going concern basis of accounting in preparing financial statements.

Cash flow statement exemption

The company, being a subsidiary undertaking of the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statements in accordance with FRS 102.

Related party exemption

The company is wholly owned subsidiary of Glenmark Pharmaceuticals Limited, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in section 33 of FRS 102 from disclosing transactions with Glenmark Pharmaceuticals limited and its wholly owned subsidiaries.

Turnover

Turnover represent the value of goods sold and work carried out in respect of services provided to customers. Turnover is stated net of value added tax and it includes shipping and handling costs, which generally are included in the list price to the customer.

Revenue from sale of goods is recognised when title to the product, ownership and risk have been transferred to the customer, which can be on the date of shipment or the date of receipt by the customer.

Turnover is recorded net of trade promotion and discount, which is recognised as incurred, generally at the time of sale. Accruals for expected promotion and discount payouts to customer are included as accruals in the Balance Sheet.

Revenue from services is recognised on completion of such services. In case of re Out- license services, revenue is recognised on a milestone basis.

Goodwill

At initial measurement, the Goodwill is recognized at cost, being the excess of the cost of business combination over the company's interest in the net amount of the identifiable assets, liabilities and contingent liabilities recognized.

After initial recognition, Goodwill acquired in business combination is measured at cost less accumulated depreciation and accumulated impairment losses. Goodwill is being amortised over the useful life, not exceeding 10 years and also reviewed for impairment at the end of the financial year following each acquisition and as and when necessary, if circumstances emerge that indicate that the carrying value may not be recoverable.

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

Intangible assets

Product Registration

Product registration relating to the new and improved products and/or process development is recognised as an intangible asset to the extent that such asset will generate future economic benefits.

Product registration is reviewed annually for impairment or whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Product registration are amortised over the useful life, not exceeding 10 years, once the product to which the expenditure relate is commercialized.

Assets under Construction reflect development costs for the products which are not launched at the year end and therefore these assets have not been amortised.

Software fees

Software fees is amortised over a period of 5 years.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Plant and machinery	25% straight line
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Plant and machinery include Computer Equipment, Furniture & fittings and Office Equipment.

Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

Stocks - inventories (finished goods)

Inventories are valued at the lower of weighted average cost and net realizable value.

Deferred taxation

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

Potential taxation arising from the revaluation of fixed assets is not provided for until there is a firm commitment to sell the asset.

Foreign currencies

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

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

1. **ACCOUNTING POLICIES - continued**

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the assets have passed to the company, are capitalized in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The Interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rental paid under operating leases are charged to income on a straight line basis over the lease term.

Pensions

The company makes contributions to the personal pension schemes of the employees. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company. An analysis of turnover by class of business is given below:

	2022	2021
	£	£
Sales	51,182,160	69,772,784
Fees	<u>-</u>	<u>488,451</u>
	<u>51,182,160</u>	<u>70,261,235</u>
An analysis of turnover by geographical market is given below		
UK	37,108,910	39,793,478
Europe	<u>14,073,250</u>	<u>30,467,757</u>
	<u>51,182,160</u>	<u>70,261,235</u>

All the company's activities are from continued operation during the current year and previous year.

3. **OTHER OPERATING INCOME**

	2022	2021
	£	£
Government furlough grant Related to Covid-19	<u>-</u>	<u>21,402</u>

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

4. **EMPLOYEES AND DIRECTORS**

	2022	2021
	£	£
Wages and salaries	9,710,400	6,785,468
Social security costs	1,193,029	934,857
Other pension costs	<u>520,652</u>	<u>427,122</u>
	<u>11,424,081</u>	<u>8,147,447</u>

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

	2022	2021
	£	£
Management and administrative	76	63
sales	<u>21</u>	<u>20</u>
	<u>97</u>	<u>83</u>

5. **DIRECTORS' EMOLUMENTS***

	2022	2021
	£	£
Directors remuneration	513,990	958,209
Directors' pension contribution to money purchase schemes	<u>17,338</u>	<u>20,060</u>
	<u>531,328</u>	<u>978,269</u>

The number of directors to whom the retirement benefits were accruing:

Money purchase schemes*	2	2
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*(The director Achin Gupta has resigned w.e.f. 20th August, 2021)

6. **OPERATING PROFIT**

The profit before tax is stated after charging:

	2022	2021
	£	£
Other operating leases	556,782	445,426
Depreciation-owned assets	112,993	118,192
Development costs amortisation	631,647	958,712
Amortisation of Goodwill	301,470	-
Auditors remuneration	25,000	25,000
Car Lease	30,622	25,137
Foreign exchange losses/(gains)	<u>(211,437)</u>	<u>(258,755)</u>
	<u>1,447,077</u>	<u>1,313,712</u>

7. **AUDITORS' REMUNERATION**

	2022	2021
	£	£
Fees payable to the company's auditors and their associates for the audit of the company's financial statements of	22,200	22,200
Audit of Financial statements for Non Audit services	<u>2,800</u>	<u>2,800</u>
	<u>25,000</u>	<u>25,000</u>

8. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	2022	2021
	£	£
Interest Income	<u>3,831</u>	<u>22,653</u>

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

9. **INTEREST PAYABLE AND SIMILAR EXPENSES**

	2022	2021
	£	£
Finance cost	<u>900,837</u>	<u>972,025</u>

10. **TAXATION**

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2022	2021
	£	£
Current tax:		
UK corporation tax	77,132	174,025
Excess provision of current year	14,053	1,731
Total current tax	<u>91,185</u>	<u>175,756</u>
Tax on profit	<u>91,185</u>	<u>175,756</u>

Factors affecting the tax charges

	2022	2021
	£	£
Profit before tax	<u>479,827</u>	<u>768,905</u>
Profit on ordinary activities		
Multiplied by the standard rate of corporate tax in UK of 19% (2021-19%)	91,167	146,092
Effects of:		
Capital allowances in excess of		
Depreciation	(14,035)	-
Depreciation in excess of capital allowances	-	27,933
Excess tax provision	<u>14,053</u>	<u>1,731</u>
Current tax charge	<u>91,185</u>	<u>175,756</u>

11. **INTANGIBLE FIXED ASSETS**

	Goodwill	Product Registration In progress	Product registration	Computer software	Totals
	£	£	£	£	£
COST					
At 1 April 2021	-	679,028	13,304,616	1,013,248	14,996,892
Additions	3,014,701	165,650	12,514	-	3,192,865
Reclassification/transfer	-	62,595	(62,595)	-	-
At 31 March 2022	<u>3,014,701</u>	<u>907,273</u>	<u>13,254,535</u>	<u>1,013,248</u>	<u>18,189,757</u>
AMORTISATION					
At 1 April 2021	-	-	9,383,547	448,876	9,832,423
Amortisation for year	301,470	-	631,647	194,590	1,127,707
At 31 March 2022	<u>301,470</u>	<u>-</u>	<u>10,015,194</u>	<u>643,466</u>	<u>10,960,130</u>
NET BOOK VALUE					
At 31 March 2022	<u>2,713,231</u>	<u>907,273</u>	<u>3,239,341</u>	<u>369,782</u>	<u>7,229,627</u>
At 31 March 2021	<u>-</u>	<u>679,028</u>	<u>3,921,069</u>	<u>564,372</u>	<u>5,164,469</u>

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

12. **TANGIBLE FIXED ASSETS**

	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST				
At 1 April 2021	145,595	584,122	599,354	1,329,071
Additions	<u>-</u>	<u>-</u>	<u>38,797</u>	<u>38,797</u>
At 31 March 2022	<u>145,595</u>	<u>584,122</u>	<u>638,151</u>	<u>1,367,868</u>
DEPRECIATION				
At 1 April 2021	116,609	557,201	452,960	1,126,770
Charge for year	<u>24,470</u>	<u>25,205</u>	<u>63,318</u>	<u>112,993</u>
At 31 March 2022	<u>141,079</u>	<u>582,406</u>	<u>516,278</u>	<u>1,239,763</u>
NET BOOK VALUE				
At 31 March 2022	<u>4,516</u>	<u>1,716</u>	<u>121,873</u>	<u>128,105</u>
At 31 March 2021	<u>28,986</u>	<u>26,921</u>	<u>146,394</u>	<u>202,301</u>

13. **FIXED ASSET INVESTMENTS**

Investments in shares of Glenmark Generics SA, Argentina (100% owned subsidiary)	Total £
COST	
At 1 April 2021 and 31 March 2022	<u>555,415</u>
NET BOOK VALUE	
At 31 March 2022	<u>555,415</u>
At 31 March 2021	<u>555,415</u>

14. **STOCKS**

	2022 £	2021 £
*Finished goods	<u>8,666,438</u>	<u>10,501,504</u>

*During the year £ 909,597 (2021: £ 283,544) was recognised as an expense in Profit and Loss account in respect of the write down of inventory to net realisable value.

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

15. **DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade debtors	5,199,053	8,156,570
Amounts owed by group undertakings	25,605,013	21,069,970
Other debtors	192,852	28,420
Prepayments	127,252	329,165
	<u>31,124,170</u>	<u>29,584,125</u>

16. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2022	2021
	£	£
Trade creditors	2,283,923	3,346,359
Amounts owed to group undertakings	36,888,992	36,182,203
Social security, VAT & other taxes	1,006,215	1,166,247
Other creditors	88,480	72,450
Corporation tax	103,218	-
Accrued expenses	4,494,521	4,009,168
	<u>44,865,349</u>	<u>44,776,427</u>

17. **LEASING AGREEMENTS**

The following operating lease payments are committed to be paid within one year

	Land and Buildings		Other operating leases	
	2022	2021	2022	2021
	£	£	£	£
Expiring:				
within one year	655,042	655,042	6,130	6,602
between one and five years	2,620,168	2,620,168	9,195	6,649
in more than five years	<u>600,455</u>	<u>1,255,497</u>	-	-
	<u>3,875,665</u>	<u>4,530,707</u>	<u>15,325</u>	<u>13,251</u>

18. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal Value:	2022	2021
Number:	Class:		£	£
6,285,121	Ordinary Shares	£ 1	<u>6,285,121</u>	<u>6,285,121</u>

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

19. **RESERVES**

	Retained earnings £
At 1 April 2021	7,593,528
Profit for the year	<u>388,642</u>
At 31 March 2022	<u>7,982,170</u>

20. **ULTIMATE PARENT COMPANY**

Glenmark Pharmaceuticals Limited (incorporated in India) is regarded by the director as being the company's ultimate parent company.

The company is a subsidiary of Glenmark Pharmaceuticals Limited, a company incorporated in India, listed on Bombay Stock Exchange and National Stock Exchange of India.

21. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2022 £	2021 £
Profit for the financial year	<u>388,642</u>	<u>593,149</u>
Net addition to shareholders' funds	388,642	593,149
Opening shareholders' funds	<u>13,878,649</u>	<u>13,285,500</u>
Closing shareholders' funds	<u><u>14,267,291</u></u>	<u><u>13,878,649</u></u>

22. **PREVIOUS YEAR FIGURES**

The previous year figures have been regrouped/ reclassified, whenever necessary, to confirm to the current year presentation.

Trading and Profit and Loss Account
for the Year Ended 31 March 2022

	2022		2021	
	£	£	£	£
Sales		51,182,160		70,261,235
Cost of sales				
Opening stock	10,501,504		10,347,726	
Purchases	26,028,424		49,367,533	
Other direct costs	3,182,064		4,887,643	
Closing stock	39,711,992		64,602,902	
	(8,666,438)		(10,501,504)	
		31,045,554		54,101,398
GROSS PROFIT		20,136,606		16,159,837
Other income				
Government furlough grant related to Covid-19	-		21,402	
Interest Income	3,831		22,653	
		3,831		44,055
		20,140,437		16,203,892
Expenditure				
Rent	556,782		445,426	
Insurance	16,944		48,344	
Light and heat	34,461		42,460	
Rates	162,606		130,048	
Directors' salaries	513,990		958,209	
Directors' pension contributions	17,338		20,060	
Salaries	9,196,410		5,838,075	
Social security	1,193,029		934,857	
Pensions	503,314		396,246	
Service charges	169,976		95,827	
Telephone	68,480		80,258	
Post and stationery	18,567		7,046	
Travelling	324,695		58,652	
Office expenses	60,524		46,856	
Car maintenance	117		846	
Repairs and maintenance	25,009		13,227	
Product Registration Exp	2,465		29,860	
Regulatory costs	545,323		1,387,376	
Recruitment expenses	277,379		138,315	
Courier services	30,951		12,238	
Recharges from Group Company	209,130		362,786	
Sundry expenses	94,544		76,931	
Impairment on intangible asset				
Charged for the year	-		427,331	
Bank Charges	6,989		6,377	
Carried forward	14,029,023	20,140,437	11,557,651	16,203,892

This page does not form part of the statutory financial statements

Trading and Profit and Loss Account
for the Year Ended 31 March 2022

	2022		2021	
	£	£	£	£
Brought forward	14,029,023	20,140,437	11,557,651	16,203,892
Car lease	30,622		25,137	
Exchange (gains)/ loss	(211,437)		(258,755)	
Professional fees	1,323,888		740,371	
Subscriptions	392,009		338,115	
Sales promotion	1,836,730		789,369	
Legal and professional expense	93,238		169,170	
Auditors' remuneration	25,000		25,000	
Amortisation of intangible fixed assets	1,127,707		958,712	
Depreciation of tangible fixed assets	112,993		118,192	
		<u>18,759,773</u>	<u>14,462,962</u>	
		1,380,664	1,740,930	
Finance costs				
Finance cost		<u>900,837</u>	<u>972,025</u>	
NET PROFIT		<u><u>479,827</u></u>	<u><u>768,905</u></u>	

