

Company registration number: 00482106

**ANNUAL REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED**

**31 MARCH 2018**

**C P PHARMACEUTICALS  
LIMITED**

**MENZIES**  
BRIGHTER THINKING

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# C P PHARMACEUTICALS LIMITED

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## COMPANY INFORMATION

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<b>Directors</b>	S Singh N Wynne
<b>Company secretary</b>	J P Higgins
<b>Registered number</b>	00482106
<b>Registered office</b>	Ash Road North Wrexham Industrial Estate Wrexham LL13 9UF
<b>Independent auditor</b>	Menzies LLP Chartered Accountants & Statutory Auditor Lynton House 7-12 Tavistock Square London WC1H 9LT
<b>Bankers</b>	National Westminster Bank Plc 33 Lord Street Wrexham LL11 1LP

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# C P PHARMACEUTICALS LIMITED

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# C P PHARMACEUTICALS LIMITED

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## STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2018

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### Principal activity

The principal activity of the Company is the manufacture and sale of pharmaceuticals. The Statement of Comprehensive income for the year is set out on page 8.

### Review of business

The company has committed to significant capital investment to provide increased capacity in the steriles manufacturing unit, from current capacity of 15m units to an increased level of 42m units. As well as decreased unit costs, this will also provide a competitive edge to attract new contract business. The new equipment has been installed and will be operational by October 2018. Future capital investment will increase our capabilities.

An out-of-court settlement was agreed with a major ex-customer where the contract to supply terminated in 2015. The settlement value of £43m is reflected in the Statement of Comprehensive Income as "Exceptional costs". There will be no future impact relevant to this customer.

Late 2018 will see the impact of the latest technology equipment and increased manufacturing volumes, significantly reducing costs per unit and thereby increasing the profitability of the company.

The directors have great confidence in the strong growth prospects of the company.

The key performance indicators of the company are as follows:

	2018	2017
Turnover (£'000)	35,567	33,403
Gross Profit Ratio	52.8%	50.7%
Operating Profit Ratio	(135.9%)	(29.0%)
Loss Before Tax (£'000)	(48,529)	(9,783)
Gross Profit/Operating Costs (times)	0.78	0.64
Net Current (Liabilities)/Assets exc debtors due over one year (£'000)	(8,468)	44,789
Net Worth (£'000)	20,929	57,123
Total liabilities (£'000)	34,701	34,990
Total Liabilities exc. Pension Deficit (£'000)	33,592	28,936
Insolvency Ratio	56%	121%
Training Days	328	285
Tonnes Carbon Emissions	4,730	5,402
Employee Attrition	6.5%	7.0%
Creditor Days	56	53

Sales are up 7% at £35.6m compared to £33.4m in 2016/17 despite an abnormal frequency of equipment failure that resulted in the packed output for the year of 9.9mn units, the lowest output since 2011/12.

Following the increased capacity due to the new Combi line becoming operational in Oct 18, the Company expects an immediate upturn in packed output and thereby significant sales increases over the next 3 years.

The Net Worth of the Company has decreased from £57m to £20m (-65%) due to the settlement referred to above. This was an exceptional circumstance and not expected to be repeated in future. The Directors are confident that the Net Worth of the Company will only increase in future years.

The company continues to provide opportunities to its employees for training and advancement in order to retain its best employees. The attrition ratio is consistent with both previous years and other similar companies in the area.

The company continues to support the environment by proactively promoting both waste recycling and reduction of waste wherever possible and has been successful in maintaining previous year's level of carbon emissions whilst at the same time striving to reduce these levels for the future.

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# C P PHARMACEUTICALS LIMITED

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## STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

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### Principal risks and uncertainties

The company has continued to efficiently manage its resources and maintain strong relationships with its customers and suppliers.

The performance of the company is dependent on the cost effective management of operations. The management team reporting to the directors monitor and regulate the costs of running the business which will lead to reduce the impact of cost increases in various areas of operations. The directors have considered the risks facing the company and continually address these in order to minimise any future impact.

As disclosed in Note 24 to the financial statements the company has contingent liabilities. Whilst the directors do not believe that any liability will arise, the outcome is uncertain.

### Employee

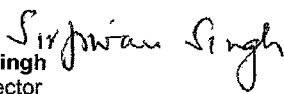
The company's policy is to consult and discuss with employees, through unions and at staff meetings, matters likely to affect employees' interests. Information on matters of concern to employees is given through briefings, reports and annual presentations. These seek to achieve a common awareness of the financial and economic factors affecting the Company's performance.

The company is committed to a policy of treating all its employees and job applicants equally. None shall receive less favourable treatment or consideration on the grounds of race, colour, religion, nationality, ethnic origin, sex, disability, sexual orientation or marital status or shall be disadvantaged by any conditions of employment that cannot be justified as necessary on operational grounds.

The company's equal opportunity policy covers employment of disabled persons. Full and fair consideration is given to all applications for employment by the company. Continued employment is encouraged for employees becoming disabled during service through training, adaptation of work practices and flexible working hours.

The company is in full compliance of statutory legislation with regard to all of the above.

This report was approved by the board and signed on its behalf.

  
S Singh  
Director

Date: 4-5-2018

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# C P PHARMACEUTICALS LIMITED

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## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2018

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The directors present their report and the financial statements for the year ended 31 March 2018.

### **Directors**

The directors who served during the year were:

S Singh  
N Wynne

### **Dividends**

The directors do not recommend the payment of a dividend.

### **Directors' responsibilities statement**

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to 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.

### **Matters covered in the strategic report**

The company has chosen in accordance with Section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out within the company's Strategic Report, the information required by Schedule 7 of the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008. This includes certain information that would have been included in the business review and details of principal risks and uncertainties.

### **Auditor**

The auditor, Menzies LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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# C P PHARMACEUTICALS LIMITED

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## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

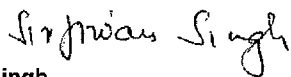
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### Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the board and signed on its behalf.



**S Singh**  
Director

Date: 4-5-2018

Ash Road North  
Wrexham Industrial Estate  
Wrexham  
LL13 9UF

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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF C P PHARMACEUTICALS LIMITED**

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**Opinion**

We have audited the financial statements of C P Pharmaceuticals Limited (the 'Company') for the year ended 31 March 2018, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 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 United Kingdom, including the Financial Reporting Council'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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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.



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**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF C P PHARMACEUTICALS LIMITED (CONTINUED)**

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**Opinion 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 the 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 the 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 on page 3, 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.

**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 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

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INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF C P  
PHARMACEUTICALS LIMITED (CONTINUED)

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**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.



Philip King FCA (Senior Statutory Auditor)  
for and on behalf of  
**Menzies LLP**  
Chartered Accountants & Statutory Auditor  
Lynton House  
7-12 Tavistock Square  
London  
WC1H 9LT  
Date: 8 MAY 2018

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# C P PHARMACEUTICALS LIMITED

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

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	Note	2018 £000	2017 £000
Turnover	4	35,567	33,403
Cost of sales		(16,791)	(16,455)
<b>Gross profit</b>		<b>18,776</b>	<b>16,948</b>
Administrative expenses		(24,082)	(26,629)
Exceptional costs	5	(43,013)	-
<b>Operating loss</b>	5	<b>(48,319)</b>	<b>(9,681)</b>
Interest payable and expenses	9	(210)	(102)
<b>Loss before tax</b>		<b>(48,529)</b>	<b>(9,783)</b>
Tax on loss	10	8,651	1,896
<b>Loss for the financial year</b>		<b>(39,878)</b>	<b>(7,887)</b>
<b>Other comprehensive income for the year</b>			
Actuarial gains/(losses) on defined benefit pension scheme		3,483	(3,797)
Movement of deferred tax relating to pension surplus		(962)	372
<b>Other comprehensive income for the year</b>		<b>2,521</b>	<b>(3,425)</b>
<b>Total comprehensive income for the year</b>		<b>(37,357)</b>	<b>(11,312)</b>

**C P PHARMACEUTICALS LIMITED**  
**REGISTERED NUMBER:00482106**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2018**

	Note	2018 £000	2017 £000
<b>Fixed assets</b>			
Intangible assets	11	2,452	1,200
Tangible assets	12	19,479	18,845
		<u>21,931</u>	<u>20,045</u>
<b>Current assets</b>			
Stocks	13	7,332	12,473
Debtors: amounts falling due after more than one year	14	7,466	1,150
Debtors: amounts falling due within one year	14	14,738	29,091
Cash at bank and in hand	15	3,000	29,354
		<u>32,536</u>	<u>72,068</u>
Creditors: amounts falling due within one year	16	(33,538)	(28,429)
<b>Net current (liabilities)/assets</b>		<u>(1,002)</u>	<u>43,639</u>
<b>Total assets less current liabilities</b>		<u>20,929</u>	<u>63,684</u>
Creditors: amounts falling due after more than one year	17	(54)	(103)
<b>Provisions for liabilities</b>			
Deferred tax		-	(404)
		<u>-</u>	<u>(404)</u>
Pension liability		(1,109)	(6,054)
<b>Net assets</b>		<u>19,766</u>	<u>57,123</u>
<b>Capital and reserves</b>			
Called up share capital	21	2,433	2,433
Profit and loss account		17,333	54,690
		<u>19,766</u>	<u>57,123</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

4-5-2018

*Sirjwan Singh*

**S Singh**  
 Director

The notes on pages 11 to 28 form part of these financial statements.

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# C P PHARMACEUTICALS LIMITED

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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

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	Called up share capital £000	Profit and loss account £000	Total equity £000
<b>At 1 April 2016</b>	<b>2,433</b>	<b>66,002</b>	<b>68,435</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(7,887)	(7,887)
Actuarial losses on pension scheme	-	(3,425)	(3,425)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(11,312)</b>	<b>(11,312)</b>
<b>At 1 April 2017</b>	<b>2,433</b>	<b>54,690</b>	<b>57,123</b>
<b>Comprehensive income for the year</b>			
Loss for the year	-	(39,878)	(39,878)
Actuarial gains on pension scheme	-	2,521	2,521
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>2,521</b>	<b>2,521</b>
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(37,357)</b>	<b>(37,357)</b>
<b>At 31 March 2018</b>	<b>2,433</b>	<b>17,333</b>	<b>19,766</b>

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 1. General information

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

C P Pharmaceuticals Limited is a company, limited by shares, incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on the company information page. The principal activities of the company and the nature of its operations are set out in the strategic report on page 1.

### 2. Accounting policies

#### 2.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are presented in pound sterling, which is the functional currency of the entity.

#### 2.2 Disclosure exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102. Its financial statements are consolidated into the financial statements of Wockhardt Limited which can be obtained from Wockhardt Limited, Wockhardt Towers, Bandra Kurla Complex, (Bandra East), Mumbai 400051, Maharashtra, India. As such, advantage has been taken of the following disclosure exemptions available under paragraph 1.12 of FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the Company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) Disclosures in respect of share-based payments have not been presented.
- (e) No disclosure has been given for the aggregate remuneration of key management personnel.

#### 2.3 Revenue recognition

Turnover represents the invoiced value of goods and services supplied, and is recorded net of trade discounts. Turnover is recognised when goods or services are supplied or made available to external customers against orders received, title and risk of loss is passed to the customer, reliable estimates can be made of relevant deductions and all relevant obligations have been fulfilled. Value added tax is excluded from turnover.

#### 2.4 Income tax

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 2. Accounting policies (continued)

#### 2.5 Operating leases

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

#### 2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation commences from the date that the asset is brought into use.

#### 2.7 Tangible assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Freehold property (freehold land is not depreciated)	- 10-50 years straight line
Plant and machinery	- 4-10 years straight line
Fixtures, fittings and equipment	- 4-8 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

Depreciation commences from the date that the asset is brought into use.

#### 2.8 Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition. Stock is turned around on a first out basis whilst the cost of stock is valued at moving weighted average price. Where necessary, provision is made for obsolete, slow moving and defective stocks.

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 2. Accounting policies (continued)

#### 2.9 Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are recognised in the statement of financial position as assets and liabilities at the lower of the fair value of the assets and the present value of the minimum lease payments, which is determined at the inception of the lease term. Any initial direct costs of the lease are added to the amount recognised as an asset.

Lease payments are apportioned between the finance charges and reduction of the outstanding lease liability using the effective interest method. Finance charges are allocated to each period so as to produce a constant rate of interest on the remaining balance of the liability.

#### 2.10 Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

#### 2.11 Defined benefit plans

The Company recognises a defined net benefit pension asset or liability in the statement of financial position as the net total of the present value of its obligations and the fair value of plan assets out of which the obligations are to be settled. The defined benefit liability is measured on a discounted present value basis using a rate determined by reference to market yields at the reporting date on high quality corporate bonds. Defined benefit obligations and the related expenses are measured using the projected unit credit method. Plan surpluses are recognised as a defined benefit asset only to the extent that the surplus is recoverable either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit asset or liability arising from employee service are recognised in profit or loss as a current service cost where it relates to services in the current period and as a past service cost where it relates to services in prior periods. Costs relating to plan introductions, benefit changes, curtailments and settlements are recognised in profit or loss in the period in which they occur.

Net interest is determined by multiplying the net defined benefit liability by the discount rate, both as determined at the start of the reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. Net interest is recognised in profit or loss.

#### 2.12 Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.



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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 2. Accounting policies (continued)

#### 2.13 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

#### 2.14 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

#### 2.15 Research and development

Research and development expenditure is written off in the year in which it is incurred.

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. The actual amounts and results could differ from those estimates. The judgements and estimates are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### **Significant judgements**

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as follows:

#### *Turnover*

In the recognition of revenue in accordance with the accounting policy the management consider the detailed criteria for the revenue recognition from the sale of goods and, in particular, whether the company had transferred to the buyer the significant risks and rewards of ownership of the goods.

#### **Key sources of estimation uncertainty**

Accounting estimates and assumptions are made concerning the future end, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

#### *Impairment of stocks and trade debtors*

The management include impairment provisions for any potential obsolete stock or irrecoverable trade debtors which are estimated based on the age of the stock or trade debtors and provide fully against any known irrecoverable amounts.

#### *Legal and other disputes*

The Company provides for anticipated settlement costs where an outflow of resources is considered probable and a reliable estimate may be made of the likely outcome of the dispute and legal and other expenses arising from claims against the Company. These estimates take into account the specific circumstances of each dispute and relevant external advice are inherently judgemental and could change substantially over time as new facts emerge and each dispute progresses.

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 4. Turnover

An analysis of turnover by class of business is as follows:

	2018 £000	2017 £000
Sale of goods and services	<u>35,567</u>	<u>33,403</u>

Analysis of turnover by country of destination:

	2018 £000	2017 £000
United Kingdom	-	22
Europe	35,333	32,704
Rest of the World	234	677
	<u>35,567</u>	<u>33,403</u>

### 5. Operating profit

The operating profit is stated after charging:

	2018 £000	2017 £000
Development and regulatory expenditure	1,111	1,064
Depreciation of tangible fixed assets	1,589	1,476
Loss/(gain) on disposal of tangible assets	-	5
Impairment of stock	943	605
Operating lease charges	115	110
Exceptional costs - commercial dispute (see below)	43,013	-
Exceptional legal costs - commercial dispute (see below)	647	4,713
Other interest - on defined benefit liability	135	102

During the year, an out-of-court settlement was agreed with a major ex-customer where the contract to supply terminated in 2015. The settlement value of £43m is reflected in the Statement of Comprehensive Income as "Exceptional costs". The company does not expect any further costs to be incurred with regards to this matter.

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 6. Auditor's remuneration

	2018 £000	2017 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	28	28
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Audit-related assurance services	11	14
Taxation compliance services	4	3
Other services relating to taxation	41	19
	<u>56</u>	<u>36</u>

### 7. Staff costs

Staff costs, including directors' remuneration, were as follows:

	2018 £000	2017 £000
Wages and salaries	10,527	10,221
Social security costs	1,143	1,092
Cost of defined contribution scheme	710	617
	<u>12,380</u>	<u>11,930</u>

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

	2018 No.	2017 No.
Production staff	270	261
Distribution staff	3	3
Administrative staff	47	47
	<u>320</u>	<u>311</u>

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 8. Directors' remuneration

	2018 £000	2017 £000
Directors' emoluments	450	449
Company contributions to defined contribution pension schemes	45	28
	<u>495</u>	<u>477</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £287k (2017 - £326k).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20k (2017 - £20k).

### 9. Interest payable and similar charges

	2018 £000	2017 £000
Bank interest payable	1	-
Other loan interest payable	4	-
Other interest payable	205	102
	<u>210</u>	<u>102</u>

### 10. Tax on profit on ordinary activities

	2018 £000	2017 £000
<b>Corporation tax</b>		
Current tax on profits for the year	(442)	-
Adjustments in respect of previous periods	(381)	(1,922)
	<u>(823)</u>	<u>(1,922)</u>
<b>Total current tax</b>	<u>(823)</u>	<u>(1,922)</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(7,828)	26
<b>Total deferred tax</b>	<u>(7,828)</u>	<u>26</u>
<b>Taxation on loss on ordinary activities</b>	<u>(8,651)</u>	<u>(1,896)</u>

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 10. Tax on profit on ordinary activities (continued)

#### Reconciliation of tax expense

The tax assessed for the year is lower than (2017 - lower than) the standard rate of corporation tax in the UK of 19% (2017 - 20%). The differences are explained below:

	2018 £000	2017 £000
Loss on ordinary activities before tax	<u>(48,529)</u>	<u>(9,783)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017 - 20%)	(9,221)	(1,957)
<b>Effects of:</b>		
Expenses not deductible for tax purposes	4	5
Capital allowances for year in excess of depreciation	(26)	(16)
Adjustments to tax charge in respect of prior periods	-	(17)
Other tax adjustments	(277)	(232)
Deferred tax recognised at lower tax rates	869	-
Group relief	-	321
<b>Total tax charge for the year</b>	<u><b>(8,651)</b></u>	<u><b>(1,896)</b></u>

The applicable tax rate has changed following the substantive enactment of the Finance Act 2017.

### 11. Intangible assets

	Development £000
<b>Cost</b>	
At 1 April 2017	1,200
Additions	1,252
At 31 March 2018	<u>2,452</u>
<b>Net book value</b>	
At 31 March 2018	<u>2,452</u>
At 31 March 2017	<u>1,200</u>

There was no amortisation charge during the year, as the asset has not yet been brought into use.

# C P PHARMACEUTICALS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

### 12. Tangible fixed assets

	Land and Buildings £000	Assets under construction £000	Sterile facility £000	Plant and machinery £000	Fixtures and fittings £000	Total £000
<b>Cost or valuation</b>						
At 1 April 2017	3,716	11,163	9,712	16,424	2,805	43,820
Additions	61	1,706	-	177	279	2,223
Transfers between classes	1,435	(3,092)	-	1,362	295	-
At 31 March 2018	5,212	9,777	9,712	17,963	3,379	46,043
<b>Depreciation</b>						
At 1 April 2017	3,448	-	6,979	12,839	1,709	24,975
Charge for the year on owned assets	20	-	309	827	433	1,589
At 31 March 2018	3,468	-	7,288	13,666	2,142	26,564
<b>Net book value</b>						
At 31 March 2018	1,744	9,777	2,424	4,297	1,237	19,479
At 31 March 2017	268	11,163	2,733	3,585	1,096	18,845

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 13. Stocks

	2018 £000	2017 £000
Raw materials and consumables	5,469	8,541
Work in progress	1,006	853
Finished goods and goods for resale	857	3,079
	<u>7,332</u>	<u>12,473</u>

The amount of stock recognised as an expense during the period was £16,791k (2017: £16,455k).

### 14. Debtors

	2018 £000	2017 £000
<b>Due after more than one year</b>		
Deferred tax asset	7,466	1,150
	<u>7,466</u>	<u>1,150</u>
<b>Due within one year</b>		
Trade debtors	1,742	21,036
Amounts owed by group undertakings	12,387	6,468
Other debtors	106	1,311
Prepayments and accrued income	252	276
Tax recoverable	105	-
Deferred taxation	146	-
	<u>14,738</u>	<u>29,091</u>

### 15. Cash and cash equivalents

	2018 £000	2017 £000
Cash at bank and in hand	3,000	29,354
Less: bank overdrafts	(16,444)	-
	<u>(13,444)</u>	<u>29,354</u>



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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 16. Creditors: Amounts falling due within one year

	2018 £000	2017 £000
Bank overdrafts	16,444	-
Trade creditors	2,084	4,946
Amounts owed to group undertakings	12,157	18,867
Corporation tax	-	2,021
Other taxation and social security	874	300
Obligations under finance lease and hire purchase contracts	49	52
Other creditors	101	107
Accruals and deferred income	1,829	2,136
	<u>33,538</u>	<u>28,429</u>

### 17. Creditors: Amounts falling due after more than one year

	2018 £000	2017 £000
Obligations under finance leases and hire purchase contracts	<u>54</u>	<u>103</u>

### 18. Finance leases and hire purchase contracts

Minimum lease payments under hire purchase fall due as follows:

	2018 £000	2017 £000
Within one year	49	52
Between 1-5 years	54	103
	<u>103</u>	<u>155</u>

Finance leases and HP contracts are secured against the company's assets.

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 19. Deferred taxation

	2018 £000	2017 £000
At beginning of year	746	401
Charged to profit or loss	7,828	(27)
Charged to other comprehensive income	(962)	372
<b>At end of year</b>	<b>7,612</b>	<b>746</b>

The deferred taxation balance is made up as follows:

	2018 £000	2017 £000
Accelerated capital allowances	(394)	(423)
Tax losses carried forward	7,818	-
Pension surplus	188	1,150
Other timing differences	-	19
	<b>7,612</b>	<b>746</b>

#### Comprising:

Asset - due after one year	7,466	1,150
Asset - due within one year	146	-
Liability	-	(404)
	<b>7,612</b>	<b>746</b>

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 20. Employee benefits

#### Defined contribution plans

During the 12 month period, the company operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £706k (2017: £617k). The outstanding pensions creditor at 31 March 2018 of £101k (2017: £107k) is shown within other creditors.

#### Defined benefit plans

The Company operates a funded defined pension scheme. The assets of the scheme are held separately from those of the Company.

The scheme closed to new entrants at the end of February 2004 and all pension accruals ceased on that date. The current service costs will increase as members approach retirement.

An actuarial valuation to 31 March 2018 was carried out by Capita, consulting actuaries, on 10/04/2018. The major assumptions are included in this note.

The statement of financial position net defined benefit liability is determined as follows:

	2018 £000	2017 £000
Present value of defined benefit obligations	(39,900)	(43,199)
Fair value of plan assets	38,791	37,145
	<u>(1,109)</u>	<u>(6,054)</u>

Changes in the present value of the defined benefit obligations are as follows:

	2018 £000	2017 £000
At 1 April 2017	43,199	35,630
Interest expense	1,086	1,219
Benefits paid	(1,252)	(607)
Remeasurements: Actuarial gains and losses	(3,133)	6,957
<b>At 31 March 2018</b>	<u><b>39,900</b></u>	<u><b>43,199</b></u>

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### Employee benefits (continued)

Changes in the fair value of plan assets are as follows:

	2018 £000	2017 £000
At 31 March 2017	37,145	31,924
Interest income	951	1,117
Benefits paid	(1,252)	(607)
Contributions by employer	1,597	1,551
Remeasurements: Actuarial gains and losses	350	3,160
<b>At 31 March 2018</b>	<b>38,791</b>	<b>37,145</b>

The total costs for the year in relation to defined benefit plans are as follows:

	2018 £000	2017 £000
Recognised in profit and loss: Net interest expense	135	102
	<u>135</u>	<u>102</u>
Deferred tax - other movements	-	-
Remeasurement of the net defined benefit plan	(3,483)	3,797
	<u>(3,483)</u>	<u>3,797</u>

The fair value of the major categories of plan assets are as follows:

	2018 %	2017 %
Equity instruments	46	51.9
Debt instruments	12.7	8.2
Annuity policy	24.3	26.1
Other assets	17	13.8

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### Employee benefits (continued)

The return on plan assets are as follows:

	2018 £000	2017 £000
Interest Income	951	1,117
Remeasurements: Actuarial gains and losses	350	3,160
<b>Return on assets of benefit plan</b>	<b>1,301</b>	<b>4,277</b>

The principal actuarial assumptions as at the statement of financial position date were:

	2018 %	2017 %
Discount rate	2.60	2.55
Expected rate of increase to pension in payment	3.10	3.30
Inflation assumption	2.15	2.40
Mortality rates:		
Current pensioners at 65 - male	22.00	22.20
Current pensioners at 65 - female	24.00	24.30
Future pensioners at 65 - male	23.00	23.50
Future pensioners at 65 - female	25.20	25.80

### 21. Share capital

	2018 £000	2017 £000
<b>Allotted, called up and fully paid</b>		
570,000 Ordinary shares of £1 each	570	570
1,862,549 Ordinary Class A shares of £1 each	1,863	1,863
	<b>2,433</b>	<b>2,433</b>

Both class of share above confer the same rights.

### 22. Reserves

Share option reserve - This reserve records the value received in relation to the issue of share options.

Profit and loss account - This reserve records retained earnings and accumulated losses.

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 23. Capital commitments

At 31 March 2018 the Company had capital commitments as follows:

	<b>2018</b>	<i>2017</i>
	<b>£000</b>	<i>£000</i>
Tangible assets	<b>834</b>	<i>398</i>
Intangible assets	<b>475</b>	<i>1,168</i>

### 24. Contingencies

The Company, together with Wockhardt UK Limited, Wockhardt UK Holdings Limited, Pinewood Healthcare Limited and Wallis Group Limited and its subsidiaries, have an unlimited cross-charge to secure the Group borrowings. As at 31 March 2018 this amounted to £16,444k (2017: £2,654k), see note 16.

The Company, along with others within the Wockhardt Limited Group, acts as a joint guarantor to a facility agreement dated 27 June 2016 on behalf of Wockhardt Bio AG. The maximum liability is USD\$ 250m. The directors do not currently consider that any liability will arise.

### 25. Related party transactions

The Company is exempt under FRS 102 paragraph 33.1A from disclosing related party transactions with entities that are part of the Wockhardt Bio AG group. Transactions and balances with other group companies within the Wockhardt Limited group are as follows:

As at 31 March 2018, the balance receivable from Wockhardt Limited by CP Pharmaceuticals Limited was £1,277k (2017: £1,309k)

As at 31 March 2018, the balance payable to Wallis Licensing Limited by CP Pharmaceuticals Limited was £2,862k (2017: £2,867k).

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# C P PHARMACEUTICALS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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### 26. Information about parent undertakings and controlling party

Due to corporate restructuring, ownership of CP Pharmaceuticals Limited, was transferred from Wockhardt UK Holdings Limited to Wockhardt Bio AG, a fellow subsidiary company of Wockhardt Limited, with effect from 1 April 2015.

The immediate parent company is Wockhardt Bio AG, a company incorporated in Switzerland. The results of the Company are included in the Wockhardt Bio AG consolidated financial statements, and this is the smallest group for which group accounts are drawn up. Group accounts are available to the public and can be obtained from:

Wockhardt Bio AG  
Grafenauweg 6  
6300 Zug  
Switzerland

[www.wockhardtbio.com/media/news.html](http://www.wockhardtbio.com/media/news.html)

The ultimate parent company is Wockhardt Limited, a company incorporated in India. The results of the Company are included in the Wockhardt Limited consolidated financial statements, and this is the largest group for which group accounts are drawn up. Group accounts are available to the public and can be obtained from:

Wockhardt Limited  
Wockhardt Towers  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400051  
Maharashtra, India

[www.wockhardt.com/investor-connect/annual-reports.aspx](http://www.wockhardt.com/investor-connect/annual-reports.aspx)

The ultimate controlling party is H F Khorakiwala and family. H F Khorakiwala is chairman of Wockhardt Limited.