

Company registration number 00482106

ANNUAL REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2017

C P PHARMACEUTICALS
LIMITED

MENZIES
BRIGHTER THINKING

C P PHARMACEUTICALS LIMITED

COMPANY INFORMATION

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

C P PHARMACEUTICALS LIMITED

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C P PHARMACEUTICALS LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2017

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 7.

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 September 2017. Future capital investment will increase our capabilities.

The contract element of the business has reduced due to the termination of supply agreement with one of its major customers. Sales to this customer were £31m in 2016 (2015:£49m) and zero in 2017 as the relationship has now terminated.

Late 2017 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:

	2017	2016
Turnover (£'000)	33,403	58,016
Gross Profit Ratio	50.7%	79.7%
Operating Profit Ratio	(29.0%)	41.6%
Profit Before Tax (£'000)	(9,783)	23,955
Gross Profit/Operating Costs (times)	0.64	2.09
Net Current Assets exc debtors due over one year(£'000)	44,789	53,437
Net Worth (£'000)	57,123	68,435
Total liabilities (£'000)	34,990	15,713
Total Liabilities exc. Pension Deficit (£'000)	28,936	12,007
Insolvency Ratio	121%	436%
Training Days	285	335
Tonnes Carbon Emissions	5,402	5,356
Employee Attrition	7.0%	6.0%

Although Sales are down 42%, the sales value excluding the exiting contract customer has increased from £27m to £33m, an increase of 25%. The adjusted gross profit ratio for 2016 would be 56% therefore 2017 adjusted decrease is 5%. The loss before tax of £10m is significantly impacted by £4.7m of Legal costs relevant to the Commercial Dispute referred to in note 24.

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.

C P PHARMACEUTICALS LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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.

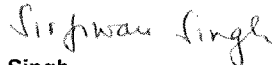
The company's equal opportunity policy covers employment of disabled persons. Full and fair consideration is given to all applications for employment by the company. Continued employment is encouraged for employees becoming disabled during service through training, adaptation of work practices and flexible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

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

Going Concern

The company has undertaken detailed forecasting of revenues and expenditure for the period commencing 1 April 2017 through to the period ended 30 April 2018 and is confident that it has sufficient financial resources to meet its requirements for the foreseeable future. Therefore, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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


S Singh
Director

Date: 28th April 2017

C P PHARMACEUTICALS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and the financial statements for the year ended 31 March 2017.

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 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.

Auditor

Under section 487(2) of the Companies Act 2006, Menzies LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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.

C P PHARMACEUTICALS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2017

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

Sirjwan Singh

S Singh
Director

Date: 28th April 2017.

Ash Road North
Wrexham Industrial Estate
Wrexham
LL13 9UF

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

We have audited the financial statements of C P Pharmaceuticals Limited for the year ended 31 March 2017, set out on pages 7 to 27. The relevant financial reporting framework that has been applied in their preparation is applicable law and the 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'.

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.

Respective responsibilities of Directors and Auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its profit or 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.

Emphasis of matter - uncertain outcome of a lawsuit

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 24 to the financial statements concerning the uncertain outcome of a lawsuit, relating to a commercial dispute, where the company is the defendant. The case has been heard in court, however judgement is currently pending. The ultimate outcome of the matter cannot presently be determined, and no provision for any liability that may result has been made in the financial statements.

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

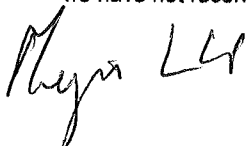
INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF C P
PHARMACEUTICALS LIMITED (CONTINUED)

Matters on which we are required to report by exception

In the light of our 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 and the Directors' Report.

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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



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: 2 MAY 2017

C P PHARMACEUTICALS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £000	2016 £000
Turnover	4	33,403	58,016
Cost of sales		(16,455)	(11,793)
Gross profit		16,948	46,223
Administrative expenses		(26,629)	(22,114)
Operating (loss)/profit	5	(9,681)	24,109
Interest payable and expenses	9	(102)	(154)
(Loss)/profit before tax		(9,783)	23,955
Tax on (loss)/profit	10	1,896	(4,395)
(Loss)/profit for the financial year		(7,887)	19,560
Other comprehensive income for the year			
Actuarial losses on defined benefit pension scheme		(3,797)	(633)
Movement of deferred tax relating to pension deficit		372	(157)
Other comprehensive income for the year		(3,425)	(790)
Total comprehensive income for the year		(11,312)	18,770

C P PHARMACEUTICALS LIMITED
REGISTERED NUMBER:00482106

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 £000	Restated 2016 £000
Fixed assets			
Intangible assets	11	1,200	-
Tangible assets	12	18,845	18,363
		<u>20,045</u>	<u>18,363</u>
Current assets			
Stocks	13	12,473	11,705
Debtors: amounts falling due after more than one year	14	1,150	778
Debtors: amounts falling due within one year	14	29,091	24,137
Cash at bank and in hand	15	29,354	29,165
		<u>72,068</u>	<u>65,785</u>
Creditors: amounts falling due within one year	16	(28,429)	(11,570)
Net current assets		<u>43,639</u>	<u>54,215</u>
Total assets less current liabilities		<u>63,684</u>	<u>72,578</u>
Creditors: amounts falling due after more than one year	17	(103)	(60)
Provisions for liabilities			
Deferred tax	19	(404)	(377)
		<u>(404)</u>	<u>(377)</u>
Pension liability		<u>(6,054)</u>	<u>(3,706)</u>
Net assets		<u><u>57,123</u></u>	<u><u>68,435</u></u>
Capital and reserves			
Called up share capital	21	2,433	2,433
Profit and loss account		54,690	66,002
		<u>57,123</u>	<u>68,435</u>

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

Sirjman Singh

S Singh
 Director

The notes on pages 10 to 27 form part of these financial statements.

28th April 2017

C P PHARMACEUTICALS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital £000	Other reserves £000	Profit and loss account £000	Total equity £000
At 1 April 2015	2,433	285	46,947	49,665
Comprehensive income for the year				
Profit for the year	-	-	19,560	19,560
Actuarial losses on pension scheme	-	-	(790)	(790)
Other comprehensive income for the year	-	-	(790)	(790)
Total comprehensive income for the year	-	-	18,770	18,770
Transfer to/from profit and loss account	-	-	285	285
Exercise of options, rights and warrants	-	(285)	-	(285)
Total transactions with owners	-	(285)	285	-
At 1 April 2016	2,433	-	66,002	68,435
Comprehensive income for the year				
Loss for the year	-	-	(7,887)	(7,887)
Actuarial losses on pension scheme	-	-	(3,425)	(3,425)
Other comprehensive income for the year	-	-	(3,425)	(3,425)
Total comprehensive income for the year	-	-	(11,312)	(11,312)
At 31 March 2017	2,433	-	54,690	57,123

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. Statement of compliance

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

CP Pharmaceuticals Limited is a company 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.

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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, once brought into use, 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.

2.7 Tangible assets

Tangible fixed assets under the cost model, once brought into use, 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.

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.

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.

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

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.

2.13 Research and development

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

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 trade receivables

The management include impairment provisions for any potential irrecoverable trade receivables which are estimated based on the age of the trade receivables 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. Details of the status and various uncertainties involved in the significant unresolved disputes are set out in Note 24, 'Contingencies'.

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

4. Turnover

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

	2017 £000	2016 £000
Sale of goods and services	33,403	58,016

Analysis of turnover by country of destination:

	2017 £000	2016 £000
United Kingdom	22	419
Europe	32,704	25,906
Rest of the World	677	31,691
	33,403	58,016

5. Operating profit

The operating profit is stated after charging:

	2017 £000	2016 £000
Development and regulatory expenditure	1,064	1,015
Depreciation of tangible fixed assets	1,476	1,383
Loss/(gain) on disposal of tangible assets	5	(1)
Operating lease charges	110	127
Exceptional legal costs - commercial dispute (see note 24)	4,713	500
Defined contribution plan expense	617	568
Other interest - on defined benefit liability	102	122

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

6. Auditor's remuneration

	2017 £000	2016 £000
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	28	21
Fees payable to the Company's auditor and its associates in respect of:		
Audit-related assurance services	14	12
Taxation compliance services	3	3
Other services relating to taxation	19	-
	<u>36</u>	<u>15</u>

7. Staff costs

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

	2017 £000	2016 £000
Wages and salaries	10,221	9,514
Social security costs	1,092	1,096
Cost of defined contribution scheme	617	568
	<u>11,930</u>	<u>11,178</u>

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

	2017 No.	2016 No.
Production staff	261	250
Distribution staff	3	3
Administrative staff	47	46
	<u>311</u>	<u>299</u>

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

8. Directors' remuneration

	2017 £000	2016 £000
Directors' emoluments	449	423
Company contributions to defined contribution pension schemes	28	27
	<u>477</u>	<u>450</u>

During the year retirement benefits were accruing to 2 directors (2016 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £326k (2016 - £289k).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £20k (2016 - £20k).

During the year shares under the long term incentive schemes were not received by any directors (2016 - 1).

9. Interest payable and similar charges

	2017 £000	2016 £000
Interest on bank loans and overdrafts	-	2
Other interest payable and similar charges	-	26
Hire purchase interest payable	-	4
Other interest payable	102	122
	<u>102</u>	<u>154</u>

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

10. Tax on profit on ordinary activities

	2017 £000	2016 £000
Corporation tax		
Current tax on profits for the year	-	4,229
Adjustments in respect of previous periods	(1,922)	(28)
	<u>(1,922)</u>	<u>4,201</u>
Total current tax	<u>(1,922)</u>	<u>4,201</u>
Deferred tax		
Origination and reversal of timing differences	26	194
Total deferred tax	<u>26</u>	<u>194</u>
Taxation on (loss)/profit on ordinary activities	<u>(1,896)</u>	<u>4,395</u>

Reconciliation of tax expense

The tax assessed for the year is lower than (2016 - lower than) the standard rate of corporation tax in the UK of 20% (2016 - 20%). The differences are explained below:

	2017 £000	2016 £000
(Loss)/profit on ordinary activities before tax	<u>(9,783)</u>	<u>23,955</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016 - 20%)	(1,957)	4,791
Effects of:		
Expenses not deductible for tax purposes	5	(24)
Capital allowances for year in excess of depreciation	(16)	49
Adjustments to tax charge in respect of prior periods	(17)	(28)
Other tax adjustments	(232)	(393)
Group relief	321	-
Total tax charge for the year	<u>(1,896)</u>	<u>4,395</u>

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

11. Intangible assets

	Development £000
Cost	
Additions	1,200
At 31 March 2017	<u>1,200</u>
Net book value	
At 31 March 2017	<u>1,200</u>
At 31 March 2016	<u>-</u>

There were no amortisation charge during the year, as the asset was not available for use.

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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
Cost or valuation						
At 1 April 2016	3,716	10,529	9,712	15,407	3,936	43,300
Additions	-	1,474	-	328	161	1,963
Disposals	-	-	-	(148)	(1,295)	(1,443)
Transfers between classes	-	(840)	-	837	3	-
At 31 March 2017	3,716	11,163	9,712	16,424	2,805	43,820
Depreciation						
At 1 April 2016	3,440	-	6,670	12,213	2,614	24,937
Charge owned for the period	8	-	309	773	386	1,476
Disposals	-	-	-	(147)	(1,291)	(1,438)
At 31 March 2017	3,448	-	6,979	12,839	1,709	24,975
Net book value						
At 31 March 2017	268	11,163	2,733	3,585	1,096	18,845
At 31 March 2016	276	10,529	3,042	3,194	1,322	18,363

Depreciation charges on assets under hire purchase (HP) was £20k (2016 : £22k). The net book value of tangible fixed assets includes an amount of £198k (2016 : £113k) in respect of assets held under HP contracts.

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

13. Stocks

	2017 £000	2016 £000
Raw materials and consumables	8,541	8,248
Work in progress	853	1,344
Finished goods and goods for resale	3,079	2,113
	<u>12,473</u>	<u>11,705</u>

The amount of stock recognised as an expense during the period was £16,455k (2016 - £11,793k).

14. Debtors

	2017 £000	Restated 2016 £000
Due after more than one year		
Deferred tax asset	1,150	778
	<u>1,150</u>	<u>778</u>

The comparative deferred tax debtor recognised on the defined benefit pension scheme has been reclassified from the net pension liability to agree to the current year's treatment.

	2017 £000	2016 £000
Due within one year		
Trade debtors	21,036	21,522
Amounts owed by group undertakings	6,468	1,522
Other debtors	1,311	848
Prepayments and accrued income	276	245
	<u>29,091</u>	<u>24,137</u>

Included in trade debtors is £20m owed from a customer who has brought a claim against the Company. The details of this action are provided in note 24 - contingent liabilities. The settlement of this trade debtor is pending the outcome of the court case.

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

15. Cash and cash equivalents

	2017 £000	2016 £000
Cash at bank and in hand	29,354	29,165
	<u>29,354</u>	<u>29,165</u>

16. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	4,946	2,224
Amounts owed to group undertakings	18,867	4,096
Corporation tax	2,021	3,943
Other taxation and social security	300	267
Obligations under finance lease and hire purchase contracts	52	31
Other creditors	107	92
Accruals and deferred income	2,136	917
	<u>28,429</u>	<u>11,570</u>

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

	2017 £000	2016 £000
Obligations under finance leases and hire purchase contracts	<u>103</u>	<u>60</u>

18. Finance leases and hire purchase contracts

Minimum lease payments under hire purchase fall due as follows:

	2017 £000	2016 £000
Not later than 1 year	52	31
Later than 1 year and not later than 5 years	103	60
	<u>155</u>	<u>91</u>

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

19. Deferred taxation

	2017 £000	2016 £000
At beginning of year	401	752
Charged to profit or loss	(27)	(194)
Charged to other comprehensive income	372	(157)
At end of year	746	401

The provision for deferred taxation is made up as follows:

	2017 £000	2016 £000
Accelerated capital allowances	(423)	(395)
Pension surplus	1,150	778
Other timing differences	19	18
	746	401

Comprising:

Asset - due after one year	1,150	778
Liability	(404)	(377)
	746	401

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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 £617k (2016: £568k). The outstanding pensions creditor at 31 Mar 2017 of £107k (2016: £92k) 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 2017 was carried out by Capita, consulting actuaries, on 6 April 2017. The major assumptions are Included in this note.

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

	2017 £000	2016 £000
Present value of defined benefit obligations	(43,199)	(35,630)
Fair value of plan assets	37,145	31,924
	<u>(6,054)</u>	<u>(3,706)</u>

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

	2017 £000	2016 £000
At 1 April 2016	35,630	37,004
Interest expense	1,219	1,212
Benefits paid	(607)	(525)
Remeasurements: Actuarial gains and losses	6,957	(2,061)
At 31 March 2017	<u>43,199</u>	<u>35,630</u>

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Employee benefits (continued)

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

	2017 £000	2016 £000
At 31 March 2016	31,924	32,552
Interest income	1,117	1,090
Benefits paid	(607)	(525)
Contributions by employer	1,551	1,501
Remeasurements: Actuarial gains and losses	3,160	(2,694)
At 31 March 2017	37,145	31,924

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

	2017 £000	2016 £000
Recognised in profit and loss: Net interest expense	102	122
	<u>102</u>	<u>122</u>
Deferred tax - charge/credit for the period	-	-
Remeasurement of the net defined benefit plan	3,797	633
	<u>3,797</u>	<u>633</u>

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

	2017 %	2016 %
Equity instruments	51.9	47.8
Debt instruments	8.2	9.4
Annuity policy	26.1	31.5
Other assets	13.8	11.3

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

Employee benefits (continued)

The return on plan assets are as follows:

	2017 £000	2016 £000
Interest Income	1,117	1,090
Remeasurements: Actuarial gains and losses	3,160	(2,694)
Return on assets of benefit plan	4,277	(1,604)

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

	2017 %	2016 %
Discount rate	2.55	3.45
Expected rate of increase	3.30	3.05
Inflation assumption	2.40	2.10
Mortality rates:		
Current pensioners at 65 - male	22.20	22.40
Current pensioners at 65 - female	24.30	24.50
Future pensioners at 65 - male	23.50	23.70
Future pensioners at 65 - female	25.80	26.00

21. Share capital

	2017 £000	2016 £000
Shares classified as equity		
Allotted, called up and fully paid		
570,000 Ordinary shares of £1 each	570	570
1,862,549 Ordinary Class A shares of £1 each	1,863	1,863
	2,433	2,433

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.

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

23. Capital commitments

At 31 March 2017 the Company had capital commitments as follows:

	2017 £000	2016 £000
Tangible assets	398	800
Intangible assets	1,168	-

24. Contingencies

Legal proceedings

On 15th September 2015 a customer brought a claim against the Company relating to a commercial dispute over a contract. The company does not believe that information about the amount sought by plaintiffs would be meaningful.

The case has now been heard in court but no judgement is expected until later this year. The company has rigorously defended the case, however the range of possible outcomes mean that it is not possible for the directors to determine any liability will fall on the company with any reasonable certainty. As the amount of the obligation cannot be estimated reliably by the directors, no amount is recognised in the financial statements for this potential liability.

Legal expenses incurred related to legal claims are charged to administration costs.

As disclosed in trade debtors in note 14, the Company is owed £20m by the customer. The settlement of this trade debtor is pending the outcome of the court case.

Other

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 2017 this amounted to £2,654k (2016: £12,012k).

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 2017, the balance receivable from Wockhardt Limited by CP Pharmaceuticals Limited was £1,309k (2016: £1,503k).

As at 31 March 2017, the balance payable to Wockhardt UK Holdings Limited by CP Pharmaceuticals Limited was £nil (2016: £325k).

As at 31 March 2017, the balance payable to Wallis Licensing Limited by CP Pharmaceuticals Limited was £2,867k (2016: £2,882k).

C P PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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

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

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