

WOCKHARDT UK LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

WOCKHARDT UK LIMITED

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WOCKHARDT UK LIMITED

COMPANY INFORMATION

Directors R K Limaye
A Sahni
G Venkatesan

Company secretary J Wainwright

Registered office Ash Road North
Wrexham Industrial Estate
Wrexham
LL13 9UF

Bankers National Westminster Bank PLC
33 Lord Street
Wrexham
LL11 1LP

Auditors Menzies LLP
Chartered Accountants & Statutory Auditor
Lynton House
7-12 Tavistock Square
London
WC1H 9LT

WOCKHARDT UK LIMITED**STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their strategic report for the year ended 31 March 2021.

Principal activity

The principal activity of the company is the sale and distribution of pharmaceutical products and related services.

Fair review of the business

The Company has faced a challenging year like many companies, due to the impact of COVID during the 12 month period. Hospitals have delayed operations or even issuing appointments for other than the seriously ill. Many GP practices have adopted the same principles. This has resulted in a decreased demand for some of our product range. Sales of £65m were down by £5m (-7%) on 2020 sales of £70m, Profits Before Tax in the year have decreased from £1.6m to £1.3m, a decrease of 19%. The take up speed of our new Branded Generic division further exacerbated the reduced performance in the year.

The company is confident that the restrictions enforced by the Government are very close to being removed and it has been stated that the backlog of patients and operations is a priority concern of the Government and will be addressed, therefore the Financial Year 2021/22 is forecast to result in a significant recovery towards the £90m levels of Pre-COVID.

The company has taken adequate measures to mitigate potential Warehousing and Inventory losses in relation to storage of the pharmaceutical products and introduced a Bar-Coding stock system in March 2020, which has reduced further the already small number of discrepancies that occurred previously.

The company's payment policy in connection with supplies is aligned with realisations from customers resulting in a low working capital requirement for the business.

The company expects that with full availability of stocks from its suppliers and the launch of new products, in particular the continuing growth of a range of Branded Generic products, and the recovery from COVID impact, that it will achieve significantly increased sales this coming Financial Year 2021/22 and looks forward to a bright future following the challenges of recent years.

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

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

	Unit	2021	2020
Turnover	£000	65,032	70,107
Gross Profit Ratio	%	13	13
Operating Profit Ratio	%	2	2
Profit Before Tax	£000	1,274	1,554
Gross Profit/Operating Costs	times	1	1
Net Current Assets	£000	15,129	14,323
Net Worth	£000	15,908	14,876
Training days	Days	174	48
Tonnes Carbon Emissions*	Tonnes	3,876	3,884
Employee Attrition	%	15	9
Creditor Days	Days	60	54

The net worth of the company has increased from £14.9m to £15.9m, a reasonable 7% growth, given the difficulties encountered during the year for many companies.

The Company continues to provide opportunities to its employees for training and advancement in order to retain its best employees. The attrition ratio is significantly higher this year but this is only expected to be a one-off occurrence. The company continues to support the environment by proactively promoting both waste recycling and reduction of waste wherever possible and has been able to maintain a similar levels to previous years.

*Tonnes Carbon Emission numbers are for the shared site of C P Pharmaceuticals Limited and Wockhardt UK Limited.

WOCKHARDT UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Principal risks and uncertainties

The company has continued to efficiently manage its resources and maintain strong relationships with its customers and suppliers. Stock availability issues, particularly with critical lines, have highlighted the risks of single sourcing products. This is continuously reviewed to obtain alternative sourcing of critical products, whenever appropriate, in order to safeguard stock availability in the future. The directors are confident that the continuing growth prospects of the company, due to the launch of new products in 2021/22 and growing market share of existing products wherever possible will result in increased turnover and profits providing the company the ability to grow even further.

The Company has assessed the risk of Covid-19 to its business for the next 12 months and is confident that due to the critical requirement priority of its products even though there has been some disruption to date, particularly product from India, that it does not foresee any material impact to its expected performance for the financial year, and that any current disruption will be of a timing impact only.

The directors have considered the risks facing the company and continually address these to minimise any future impact.

Company employees

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.

Directors' statement of compliance with duty to promote the success of the Company

The Directors have complied with the requirements of S172 of the Companies Act 2006.

This has been a year of business as usual in a challenging environment dominated by the continued uncertainty surrounding the impact of Brexit.

During the year the Directors conducted another Employee Engagement Survey (first undertaken in 2019/20) which indicated some areas of improvement for engagement. The Directors will work to increase the engagement score using the findings from the survey and will repeat the survey at appropriate frequencies.

During the global pandemic, the site (with all employees identified as key workers) continued to operate in a COVID secure environment. All health measures were successfully implemented to protect our employees and the supply of critical care medicine and COVID-19 vaccines. Examples of this are temperature monitoring, the provision of an on-site testing facility, the mandatory wearing of face coverings, social distancing etc. All employees who were able to operate from home were provided with the equipment to do so.

The Directors conduct business with suppliers, customers and other stakeholders in line with the Wockhardt UK Limited Code of Conduct, as reflected in our Anti-Corruption, Bribery and Modern Slavery Policy, ensuring that Wockhardt UK Limited maintains the highest reputation for standards of conduct.

With regards to impact on the community and environment, Wockhardt UK Limited mission is embodied in the following statement "We believe that by investing in our people we can always be confident that the needs of our customers are met. Therefore our mission is to offer an enriching environment for professional and personal growth for every employee with an open, participative culture that permeates each level of the organisation".

WOCKHARDT UK LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

Approved by the Board on 24-Jun-2021 and signed on its behalf by:

DocuSigned by:

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R K Limaye
Director

WOCKHARDT UK LIMITED**DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021**

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors of the company

The directors who held office during the year were as follows:

R K Limaye (appointed 31 December 2020)

A Sahni

G Venkatesan

G Urquhart (ceased 31 December 2020)

Dividends

The directors do not recommend the payment of a dividend.

Environmental matters - streamlined energy and carbon reporting

In accordance with the requirements of The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 the Directors would like to disclose the following information for the year ended 31 March 2021.

Carbon emissions plus intensity ratio (as per regulations)

	2021	2021	2020	2020
	'000 kWh	tonnes CO2e	'000 kWh	tonnes CO2e
Scope 1 (direct emissions) - natural gas	329	60	346	64
Scope 2 (indirect emissions) - electricity	240	61	239	61
		2021		2020
Intensity metric		tonnes CO2e/£m		tonnes CO2e/£m
Scope 1 and 2 emissions/ sales revenue		2		2

Methodologies used within the calculation

The Company has used the actual KWH data from the monthly invoices it receives and then applied the "Government conversion factors for company reporting" to calculate the CO2e content.

Energy efficient action taken this year

The company continues to upgrade the old lighting systems with energy saving LED lighting that will not only reduce operating costs but also extend the useful life of the lights.

Employee Involvement

The Company believes that employees are one of the most important elements of a successful business and set out in the Strategic report how engagement with employees takes place.

Engagement with suppliers, customers and others

The Company values highly the relationship it has with both its Suppliers and Customers and undertakes regular interaction to balance the needs of the Company with the Suppliers/Customer needs. In particular, Long-Term Supply Contracts, Payment Terms acceptable to both parties, Requirement information well in advance of needs.

Information included 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, details of principal risks and uncertainties and how engagement with employees takes place.

WOCKHARDT UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

Environmental, Social and Governance

	2021
Turnover (2019/20)	70,107
Turnover (2020/21)	65,032
Company cars	8
Car allowance	10
Mileage	17,661

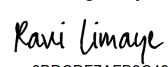
Disclosure of information to the auditors

Each director has taken the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

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

Approved by the Board on ~~24-Jun-2021~~ and signed on its behalf by:

DocuSigned by:

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R K Limaye
Director

WOCKHARDT UK LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping 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.

WOCKHARDT UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOCKHARDT UK LIMITED

Opinion

We have audited the financial statements of Wockhardt UK Limited (the 'company') for the year ended 31 March 2021, which comprise the Profit and Loss Account, Balance Sheet, Statement of Changes in Equity, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

WOCKHARDT UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOCKHARDT UK LIMITED

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

Matters on which we are required to report by exception

In the light of 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

WOCKHARDT UK LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WOCKHARDT UK LIMITED

- Obtaining an understanding of the laws and regulations that are applicable to the Company, focusing on those laws and regulations that directly affect the financial statements, such as provisions of the UK Companies Act, pensions legislation and tax legislation or that had a fundamental effect on the operations of the Company, including compliance with Medicines and Healthcare products Regulatory Agency ("MHRA") requirements, employment law, health and safety, General Data Protection requirements, and Anti-bribery and corruption policy. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- We understood how the Company is complying with those legal and regulatory frameworks by, making inquiries to management and those responsible for legal and compliance procedures. We corroborated our inquiries through our review of board minutes and through review of correspondence with MHRA.
- The engagement partner assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations. The assessment did not identify any issues in this area.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur. Audit procedures performed by the engagement team included:
 - identifying and assessing the design effectiveness of controls management has in place to prevent and detect fraud;
 - understanding how those charged with governance considered and addressed the potential for override of controls or other inappropriate influence over the financial reporting process;
 - challenging assumptions and judgements made by management in its significant accounting estimates; and
 - identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.
- As a result of the above procedure, we considered the probabilities that may exist within the organisation for fraud and identified the following areas:
 - timing of revenue recognition;
 - posting of journal transactions.

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

Use of this 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.

DocuSigned by:

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Robin Hopkins FCA (Senior Statutory Auditor)
For and on behalf of Menzies LLP, Statutory Auditor

Lynton House
7-12 Tavistock Square
London
WC1H 9LT

24-Jun-2021
Date:.....

WOCKHARDT UK LIMITED**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £ 000	2020 £ 000
Turnover	3	65,032	70,107
Cost of sales		<u>(56,462)</u>	<u>(60,723)</u>
Gross profit		8,570	9,384
Distribution costs		(4,070)	(4,835)
Administrative expenses		<u>(3,226)</u>	<u>(2,995)</u>
Profit before tax		1,274	1,554
Taxation	8	<u>(242)</u>	<u>(309)</u>
Profit for the financial year		<u><u>1,032</u></u>	<u><u>1,245</u></u>

The above results were derived from continuing operations.

The company has no other comprehensive income for the year.

WOCKHARDT UK LIMITED**(REGISTRATION NUMBER: 05835570)
BALANCE SHEET AS AT 31 MARCH 2021**

	Note	2021 £ 000	2020 £ 000
Fixed assets			
Tangible assets	9	<u>787</u>	<u>562</u>
Current assets			
Stocks	10	21,642	14,251
Debtors	11	8,446	26,860
Cash at bank and in hand		<u>25,288</u>	<u>23,139</u>
		55,376	64,250
Creditors: Amounts falling due within one year	13	<u>(40,247)</u>	<u>(49,927)</u>
Net current assets		<u>15,129</u>	<u>14,323</u>
Total assets less current liabilities		15,916	14,885
Provisions for liabilities	8	<u>(8)</u>	<u>(9)</u>
Net assets		<u><u>15,908</u></u>	<u><u>14,876</u></u>
Capital and reserves			
Called up share capital	15	50	50
Profit and loss account	16	<u>15,858</u>	<u>14,826</u>
Total equity		<u><u>15,908</u></u>	<u><u>14,876</u></u>

Approved and authorised by the Board on ^{24-Jun-2021}..... and signed on its behalf by:

DocuSigned by:



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R K Limaye
Director

WOCKHARDT UK LIMITED**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021**

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2020	50	14,826	14,876
Profit for the year and other comprehensive income	-	1,032	1,032
At 31 March 2021	<u>50</u>	<u>15,858</u>	<u>15,908</u>

	Share capital £ 000	Profit and loss account £ 000	Total £ 000
At 1 April 2019	50	13,581	13,631
Profit for the year and other comprehensive income	-	1,245	1,245
At 31 March 2020	<u>50</u>	<u>14,826</u>	<u>14,876</u>

The notes on pages 14 to 23 form an integral part of these financial statements.

WOCKHARDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

Ash Road North
Wrexham Industrial Estate
Wrexham
LL13 9UF

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Basis of preparation

These financial statements have been prepared using the historical cost convention except for, where disclosed in these accounting policies, certain items that are shown at fair value.

The presentational currency of the financial statements is Pounds Sterling, being the functional currency of the primary economic environment in which the company operates. Monetary amounts in these financial statements are rounded to the nearest thousand Pounds.

Summary of 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) No cash flow statement has been presented for the company.
- (b) Disclosures in respect of financial instruments have not been presented.
- (c) No disclosure has been given for the aggregate remuneration of key management personnel.

Going concern

After reviewing the company's forecasts and projections, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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, 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.

WOCKHARDT UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021*****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:

Turnover (sales rebates and discounts)

The Company's turnover is reduced by rebates, discounts, allowances and product returns given or expected to be given, which vary by product arrangements and buying groups. These arrangements with purchasing organisations are dependent upon the submission of claims some time after the initial recognition of the sale. Accruals are made at the time of sale for the estimated rebates, discounts or allowances payable or returns to be made, based on available market information and historical experience.

Because the amounts are estimated they may not fully reflect the final outcome, and the amounts are subject to change dependent upon, amongst other things, the types of buying group and product sales mix. The level of accrual for rebates and returns is reviewed and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions. Market conditions are evaluated using wholesaler and internally generated information.

Future events could cause the assumptions on which the accruals are based to change, which could affect the future results of the Company.

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.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, after the deduction of discounts and allowances given and accruals for estimated future rebates and returns. Turnover is recognised on despatch of product. Value added tax is excluded from turnover.

Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of the asset received or receivable. Grants are classified as relating either to revenue or to assets. Grants relating to revenue are recognised in income over the period in which the related costs are recognised. Grants relating to assets are recognised over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income.

Foreign currency transactions and balances**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

WOCKHARDT UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021****Tax**

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

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

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

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

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Plant and machinery	4-10 years straight line
Fixtures and fittings	4-8 years straight line
Computer equipment	2-5 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.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. All trade debtors are repayable within one year and hence are included at the undiscounted cost of cash expected to be received. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtors.

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 in 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.

WOCKHARDT UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021****Trade creditors**

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and all are repayable within one year and hence are included at the undiscounted amount of cash expected to be paid.

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.

Share capital

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

Defined contribution pension obligation

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.

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 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.

3 Revenue

The analysis of the company's revenue for the year from continuing operations is as follows:

	2021	2020
	£ 000	£ 000
Sale of goods	<u>65,032</u>	<u>70,107</u>

The analysis of the company's turnover for the year by market is as follows:

	2021	2020
	£ 000	£ 000
UK	65,008	69,887
Europe	<u>24</u>	<u>220</u>
	<u>65,032</u>	<u>70,107</u>

WOCKHARDT UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021****4 Operating profit**

Arrived at after charging:

	2021	2020
	£ 000	£ 000
Foreign exchange losses	16	15
Other operating lease rentals	331	295
	<u>331</u>	<u>295</u>

5 Auditors' remuneration

	2021	2020
	£ 000	£ 000
Audit of the financial statements	34	29
	<u>34</u>	<u>29</u>
Other fees to auditors		
Audit-related assurance services	33	25
Taxation compliance services	2	3
All other non-audit services	-	2
	<u>35</u>	<u>30</u>

6 Staff costs

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

	2021	2020
	£ 000	£ 000
Wages and salaries	2,915	2,848
Social security costs	324	411
Pension costs, defined contribution scheme	183	185
	<u>3,422</u>	<u>3,444</u>

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

	2021	2020
	No.	No.
Distribution	47	38
Administration and support	25	37
	<u>72</u>	<u>75</u>

WOCKHARDT UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021****7 Directors' remuneration**

The directors' remuneration for the year was as follows:

	2021	2020
	£ 000	£ 000
Remuneration	64	109
Contributions paid to money purchase schemes	4	6
	<u>68</u>	<u>115</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2021	2020
	No.	No.
Accruing benefits under money purchase pension scheme	<u>1</u>	<u>1</u>

8 Taxation

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

	2021	2020
	£ 000	£ 000
Current taxation		
UK corporation tax charge	64	-
UK corporation tax adjustment to prior periods	-	-
Group relief payable	179	315
	<u>243</u>	<u>315</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(1)	(8)
Arising from changes in tax rates and laws	-	2
	<u>(1)</u>	<u>(6)</u>
Total deferred taxation	(1)	(6)
Tax expense in the income statement	<u>242</u>	<u>309</u>

The tax on profit before tax for the year is the same as the standard rate of corporation tax in the UK (2020 - higher than the standard rate of corporation tax in the UK) of 19% (2020 - 19%).

The differences are reconciled below:

	2021	2020
	£ 000	£ 000
Profit before tax	<u>1,274</u>	<u>1,554</u>
Corporation tax at standard rate	242	295
Effect of expense not deductible in determining taxable profit (tax loss)	1	2
Deferred tax expense relating to changes in tax rates or laws	-	2
Other tax adjustments	(1)	10
Total tax charge	<u>242</u>	<u>309</u>

WOCKHARDT UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

Legislation was introduced in the Finance (no 2) 2015 reducing the rate to 19% from 1 April 2017 and in budget 2016 it as announced that this would further reduce to 17% from 1 April 2020. However, in Budget 2020, it was announced that the rate of corporation tax would be 19% from 1 April 2020 and also from 1 April 2021.

The deferred tax has therefore been provided at 19%.

In the budget of 3 March 2021, the Chancellor of the Exchequer announced that corporation tax rates will increase to 25% from April 2023. The Directors do not believe the impact of this increase to be material to the financial statements.

Deferred tax

Deferred tax assets and liabilities

	Liability £ 000
2021	
Accelerated capital allowances	13
Other timing differences	<u>(5)</u>
	<u>8</u>
	Liability £ 000
2020	
Accelerated capital allowances	9
Other timing differences	<u>-</u>
	<u>9</u>
	Deferred tax £ 000
At 1 April 2020	9
Provisions used	<u>(1)</u>
At 31 March 2021	<u>8</u>

There were no factors that may affect future tax charges.

The company does not anticipate that a material amount of deferred tax asset will reverse in the following year.

WOCKHARDT UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021****9 Tangible assets**

	Assets under construction £ 000	Plant and machinery £ 000	Fixtures and fittings £ 000	Computer equipment £ 000	Total £ 000
Cost					
At 1 April 2020	56	988	250	69	1,363
Additions	373	2	5	1	381
Transfers between asset classes	(56)	-	-	56	-
At 31 March 2021	<u>373</u>	<u>990</u>	<u>255</u>	<u>126</u>	<u>1,744</u>
Depreciation					
At 1 April 2020	-	610	157	34	801
Charge for the year	-	120	23	13	156
At 31 March 2021	<u>-</u>	<u>730</u>	<u>180</u>	<u>47</u>	<u>957</u>
Carrying amount					
At 31 March 2021	<u>373</u>	<u>260</u>	<u>75</u>	<u>79</u>	<u>787</u>
At 31 March 2020	<u>56</u>	<u>378</u>	<u>93</u>	<u>35</u>	<u>562</u>

10 Stocks

	2021 £ 000	2020 £ 000
Finished goods and goods for resale	<u>21,642</u>	<u>14,251</u>

11 Debtors

	2021 £ 000	2020 £ 000
Trade debtors	3,982	6,371
Amounts owed by group undertakings	2,422	18,392
Other debtors	1,914	1,876
Prepayments and accrued income	128	221
	<u>8,446</u>	<u>26,860</u>

12 Cash and cash equivalents

	2021 £ 000	2020 £ 000
Cash at bank	<u>25,288</u>	<u>23,139</u>

WOCKHARDT UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021****13 Creditors**

	2021	2020
	£ 000	£ 000
Due within one year		
Trade creditors	873	1,718
Amounts owed to group undertakings	38,652	46,719
Social security and other taxes	84	1,025
Other creditors	27	27
Accrued expenses and deferred income	547	438
Corporation tax liability	64	-
	<u>40,247</u>	<u>49,927</u>

14 Pension and other schemes**Defined contribution plans**

During the 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 £183k (2020 - £185k). The outstanding pension creditor at 31 March 2021 of £28k (2020 - £27k) is shown within other creditors.

15 Share capital**Allotted, called up and fully paid shares**

	2021		2020	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>50</u>	<u>50</u>	<u>50</u>	<u>50</u>

16 Reserves**Profit and loss account**

This reserve records retained earnings and accumulated losses.

17 Obligations under leases and hire purchase contracts**Operating leases**

The total of future minimum lease payments is as follows:

	2021	2020
	£ 000	£ 000
Not later than one year	64	238
Later than one year and not later than five years	-	59
	<u>64</u>	<u>297</u>

WOCKHARDT UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

18 Commitments

Capital commitments

Tangible assets

The total amount contracted for but not provided in the financial statements was £416,000 (2020 - £19,000).

19 Contingent liabilities

The Company, together with CP Pharmaceuticals 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 2021 this amounted to £23,622k (2020 - £21,009k).

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.

20 Related party transactions

The company is exempt under FRS102 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 2021, the balance receivable from Wockhardt Limited by Wockhardt UK Limited was £214k (2020 - £138k) and the balance payable to Wockhardt UK Holdings Limited by Wockhardt UK Limited was £nil (2020 - £7,000k). During the year, Wockhardt Limited made recharges of £152k to Wockhardt UK Limited.

21 Parent and ultimate parent undertaking

The company's immediate parent 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 the 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 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