

Group Strategic Report, Report of the Directors and
Consolidated Financial Statements for the Year Ended 31 March 2022

for

Marksans Pharma U.K. Limited

Registered Number: 05467597 (England and Wales)

Contents of the Consolidated Financial Statements
for the Year Ended 31 March 2022

	Page
Company Information	1
Group Strategic Report	2
Report of the Directors	5
Report of the Independent Auditors	7
Consolidated Income Statement	11
Consolidated Other Comprehensive Income	12
Consolidated Balance Sheet	13
Company Balance Sheet	14
Consolidated Statement of Changes in Equity	15
Company Statement of Changes in Equity	16
Notes to the Consolidated Financial Statements	17

Marksans Pharma U.K. Limited

Company Information
for the Year Ended 31 March 2022

DIRECTORS:

Mr. M Saldanha
Mrs. S Saldanha
Mr.J Sharma
Mr C Hunter
Mr S R Buddharaju
Mr. S Jayanna

SECRETARY:

Mrs G Jacks

REGISTERED OFFICE:

Cheshire House
Gorse Lane
Widnes
WA8 ORP

REGISTERED NUMBER:

05467597 (England and Wales)

AUDITORS:

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

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

FAIR REVIEW OF BUSINESS

The company holds entire ordinary share capital of Marksans Holdings Limited and Relonchem Limited. Marksans Holdings Limited owns 100% of the ordinary share capital of Bell, Sons & Co. (Druggists) Limited.

The directors consider the results of Bell, Sons & Co. (Druggists) Limited for the year to be satisfactory. During the year sales decreased from £38,778,680 to £36,293,092 and the profit on ordinary activities before taxation was £ 4,996,780 (2021: £ 10,707,961). The directors expect an increase in the level of activity in the forthcoming year.

The directors consider the results of Relonchem Limited for the year to be satisfactory. During the period sales increased from £25,483,804 to £29,079,189 and the profit on ordinary activities before taxation was £6,879,315 (2021: £8,232,490).

The group is able to manage risks by utilising manufacturing capabilities of parent company (Marksans Pharma Limited) which also secures reliable supplies. In addition, production methods are constantly being reviewed to ensure the most efficient operation are in place. The directors therefore expect the performance of the company to continue to be improved in the next financial year.

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

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

Energy consumption and Greenhouse gas emissions During the year, the group consumed 0.93 GWh of electricity (Scope 2) and 0.43 GWh of gas (Scope 1). There were no other material emissions as a result of the company's activities. Our gross greenhouse gas (GHG) emissions for the year ended 31 March 2022 were 272 tonnes of CO₂. We have calculated our carbon footprint according to the World Resources Institute ("WRI") and World Business Council for Sustainable Development ("WBCSD") GHG Protocol, which is the internationally recognised standard for corporate carbon reporting. Energy-saving initiatives include considering methods of recycling as well as a continuous programme of switching to more efficient LED lighting

The business has performed well in 2021-22 despite the numerous challenges experienced throughout the year. COVID restrictions impacted customer demand in the first half year and increases in raw material, packaging and freight costs were exacerbated by staff turnover issues. An increase in demand in the second half year due to a relaxation of COVID measures along with effective supply chain management, implementation of price increases and employee stabilisation resulted in a positive performance and maintained the steady growth of the business.

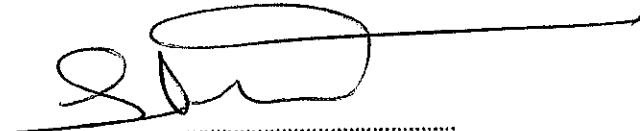
Marksans Pharma U.K. Limited

Group Strategic Report
for the Year Ended 31 March 2022

The group will continue to develop its product range through new product development and acquisition of licences, to meet market needs.

The group profit for the year, after taxation before dividend amounted to £9,195,857 (2021: £14,789,549)

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a stylized 'S' followed by a horizontal line extending to the right.

Director – Mr Sathish Kumar

Date: 16 May 2022

Marksans Pharma U.K. Limited

Report of the Directors for the Year Ended 31 March 2022

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

PRINCIPAL ACTIVITIES

The principle activity of the company continued to be that of a holding company.

The principal activity of Bell, sons & Co. (Druggists) Limited is the manufacture and sale of Pharmaceuticals, while the principal activity of Relonchem Limited continued to be the development, registration and distribution of generic prescription Pharmaceuticals in the UK.

DIVIDENDS

Dividend declared during the year amounting £1.2 million for the year 2022 (2021 £1 Mn).

DIRECTORS

The directors who held office during the year and up to the date of signature of financial statements were as follow:

Mr. M Saldanha
Mr. J Sharma
Mrs. S Saldanha
Mr S Jayanna
Mr Colin Hunter
Mr. Buddharaju, Seetharama Raju

RESULTS AND DIVIDENDS

The results for the year are set out on page 7.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors 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 the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Marksans Pharma U.K. Limited

Report of the Directors
for the Year Ended 31 March 2022

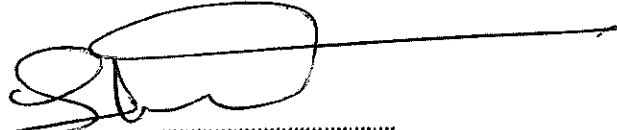
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, PBG Associates Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


.....
Director – Mr Sathish Kumar

Date: 16 May 2022

Report of the Independent Auditors to the Members of
Marksans Pharma U.K. Limited

Opinion

We have audited the financial statements of Marksans Pharma U.K. Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2022 which comprise the Consolidated Income Statement, Consolidated Other Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Statement of Changes in Equity, Company 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 group's and of the parent company affairs as at 31 March 2022 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information in the Group Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of
Marksans Pharma U.K. Limited

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page five, 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 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 group's and the parent 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 group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with those charged with governance of the Company. Our approach was as follows:

- o We obtained a general understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are direct laws and regulations, related to continuing approval by MHRA, company's legislation and the financial reporting framework (UK GAAP). We obtained a general understanding of how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters of the Company.
- o For both direct and other laws and regulations, our procedures involved: making enquiry of the directors of the Company for their awareness of any noncompliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees.

Report of the Independent Auditors to the Members of
Marksans Pharma U.K. Limited

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

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

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

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

Use of our report

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



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

Date: 16 May 2022

Marksans Pharma U.K. Limited

Consolidated Income Statement
for the Year Ended 31 March 2022

	Notes	2022	2021
		£	£
TURNOVER	4	59,701,635	59,417,458
Cost of sales		<u>43,120,416</u>	<u>35,410,982</u>
GROSS PROFIT		16,581,219	24,006,476
Distribution costs		1,198,898	1,024,183
Administrative expenses		<u>3,989,080</u>	<u>4,675,757</u>
		5,187,978	5,699,940
		11,393,241	18,306,536
Other operating income	5	<u>141,668</u>	<u>182,217</u>
OPERATING PROFIT	7	11,534,909	18,488,753
Interest payable and similar expenses	9	<u>3,947</u>	<u>29,284</u>
PROFIT BEFORE TAXATION		11,530,962	18,459,469
Tax on profit	10	<u>2,335,105</u>	<u>3,669,920</u>
PROFIT FOR THE FINANCIAL YEAR		<u>9,195,857</u>	<u>14,789,549</u>
Profit attributable to: Owners of the parent		<u>9,195,857</u>	<u>14,789,549</u>

The notes form part of these financial statements

Marksans Pharma U.K. Limited

Consolidated Other Comprehensive Income
for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		9,195,857	14,789,549
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>9,195,857</u>	<u>14,789,549</u>
Total comprehensive income attributable to: Owners of the parent		<u>9,195,857</u>	<u>14,789,549</u>

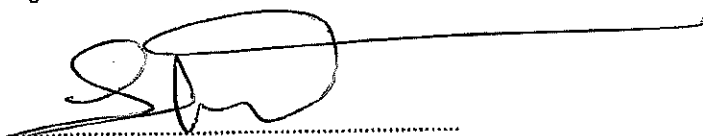
The notes form part of these financial statements

Marksans Pharma U.K. Limited (Registered number: 05467597)

Consolidated Balance Sheet
31 March 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	13	4,757,254	5,307,616
Tangible assets	14	3,529,454	3,532,479
Investments	15	-	-
		<u>8,286,708</u>	<u>8,840,095</u>
CURRENT ASSETS			
Stocks	16	13,193,454	13,901,119
Debtors	17	19,083,656	12,459,587
Cash in hand		<u>11,336,209</u>	<u>9,367,217</u>
		43,613,319	35,727,923
CREDITORS			
Amounts falling due within one year	18	<u>9,347,992</u>	<u>10,144,252</u>
NET CURRENT ASSETS		<u>34,265,327</u>	<u>25,583,671</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		42,552,035	34,423,766
PROVISIONS FOR LIABILITIES	20	<u>280,900</u>	<u>148,488</u>
NET ASSETS		<u>42,271,135</u>	<u>34,275,278</u>
CAPITAL AND RESERVES			
Called up share capital	21	8,596,941	8,596,941
Retained earnings		<u>33,674,194</u>	<u>25,678,337</u>
SHAREHOLDERS' FUNDS		<u>42,271,135</u>	<u>34,275,278</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16th May 2022 and were signed on its behalf by:



Director
Sathish Kumar

The notes form part of these financial statements

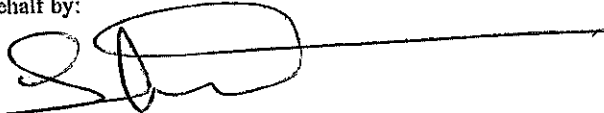
Marksans Pharma U.K. Limited (Registered number: 05467597)

Company Balance Sheet
31 March 2022

	Notes	£	2022	£	£	2021	£
FIXED ASSETS							
Intangible assets	13		-			-	
Tangible assets	14		-			-	
Investments	15		<u>20,326,514</u>			<u>20,326,514</u>	
			20,326,514			20,326,514	
CURRENT ASSETS							
Debtors	17		-			34,957	
CREDITORS							
Amounts falling due within one year	18		<u>5,176,115</u>			<u>5,204,482</u>	
NET CURRENT LIABILITIES							
						<u>(5,176,115)</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES							
						<u>15,150,399</u>	
CAPITAL AND RESERVES							
Called up share capital	21		8,596,941			8,596,941	
Retained earnings			<u>6,553,458</u>			<u>6,560,048</u>	
SHAREHOLDERS' FUNDS							
						<u>15,150,399</u>	
Company's loss for the financial year						<u>(6,590)</u>	
						<u>(7,210)</u>	

The financial statements have been prepared in accordance with the provisions applicable to Companies subject to the small companies regime.

The financial statements were approved by the Board of Directors and authorised for issue on 16th May 2022 and were signed on its behalf by:


Sathish Kumar

Director

The notes form part of these financial statements

Marksans Pharma U.K. Limited

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	8,596,941	11,888,788	20,485,729
Changes in equity			
Dividends	-	(1,000,000)	(1,000,000)
Total comprehensive income	-	14,789,549	14,789,549
Balance at 31 March 2021	<u>8,596,941</u>	<u>25,678,337</u>	<u>34,275,278</u>
Changes in equity			
Dividends	-	(1,200,000)	(1,200,000)
Total comprehensive income	-	9,195,857	9,195,857
Balance at 31 March 2022	<u>8,596,941</u>	<u>33,674,194</u>	<u>42,271,135</u>

The notes form part of these financial statements

Marksans Pharma U.K. Limited

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

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 April 2020	8,596,941	6,567,258	15,164,199
Changes in equity			
Total comprehensive income	-	(7,210)	(7,210)
Balance at 31 March 2021	<u>8,596,941</u>	<u>6,560,048</u>	<u>15,156,989</u>
Changes in equity			
Total comprehensive income	-	(6,590)	(6,590)
Balance at 31 March 2022	<u>8,596,941</u>	<u>6,553,458</u>	<u>15,150,399</u>

The notes form part of these financial statements

1. **STATUTORY INFORMATION**

Marksans Pharma U.K. Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

2. **ACCOUNTING POLICIES**

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standards applicable in UK and Republic of Ireland" (FRS 102) and the requirements of the Companies Act 2006. The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest pound.

The financial statements have been prepared on the historical cost convention. The principal accounting policies adopted are set out below.

As permitted by Section 408 of the Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's loss for the year was £ 6,590 (2021- £7,210 loss).

Basis of consolidation

The consolidated financial statements incorporate those of Marksans Pharma U.K. Limited and all of its subsidiaries (i.e. entities that Group controls through its power to govern the financial and operating policies so as to obtain economic benefits). Subsidiaries acquired during the year are consolidated using the purchase method. Their results are incorporated from the date that control passes. All financial statements are made up to 31 March 2021.

All intra group transactions, balances and unrealized gains on transactions between group companies are eliminated on consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

The cost of a business combination is the fair value at the acquisition date of the assets given, equity instruments issued, and liabilities incurred and assumed, plus costs directly attributable to the business combination. The excess of the cost of a business combination over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recognized as goodwill.

Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing financial statements.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

2. **ACCOUNTING POLICIES - continued**

Turnover

Turnover comprises revenue recognized by company in respect of goods supplied during the year, exclusive of Value Added Taxes and trade discounts based on the date goods are dispatched.

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of goods have passed to the buyer (usually on dispatch of goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transactions will flow to the entity and the costs incurred or to be incurred in respect of transactions can be measured reliably.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognized as liabilities once they are no longer at the discretion of the group.

Employee benefits

The cost of short term employee benefits is recognized as a liability and an expense, unless those cost are required to be recognized as part of the cost of stock or fixed assets.

The costs of any unused holiday entitlement is recognized in the period in which the employee's services are received. Termination benefits are recognized immediately as an expense when the group is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Intangible fixed assets - goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 0, is being amortised evenly over its estimated useful life of nil years.

Goodwill is provided as the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortized to the profit and loss account over its estimated economic life of 20 years.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognized at cost and are subsequently measured at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired on business combinations are recognized separately from goodwill at acquisition date if the fair value can be measured reliably.

Amortization is recognized so as to write off the cost or valuation of the assets less their residual values over their useful lives on the following basis

Patents, Prescription product licenses & Development costs

5-20 year Straight Line Method

Amortization of Product Licenses

The annual amortization charge for intangible assets is sensitive to changes in the estimated lives and residual values of assets. The useful economic lives and residual values are reviewed annually. These reviews require an estimation of how long each license is expected to be used based on expected sales of those licensed products. See note 9 for the carrying amount of the intangible assets and note 1 on Accounting Policies for the useful economic lives for each class of assets.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on free hold land. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each assets over its expected useful life, as follows;

Freehold Building	2% Cost or Valuation
Plant and machinery	20% Reducing Method
Fixtures and Fittings	20% Straight Line Method

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

Capital work in progress of tangibles consists of asset under construction. It will be capitalized when the property is ready to use and will be depreciated over the tenure of the property.

At each reporting end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of asset is estimated in order to determine the extent of impairment loss (if any).

Where it is not possible to estimate recoverable amount of an individual asset, the company estimates the recoverable amount of cash generating unit to which the asset belongs.

The carrying amount of the investments accounted for using the equity method is tested for impairment as a single asset. Any goodwill included in the carrying amount of the investment is not tested separately for impairment.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discontinued to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decrease.

Stocks

Stocks are stated at lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognized as an impairment loss in profit or loss. Reversals of impairment losses are also recognized in profit or loss.

2. **ACCOUNTING POLICIES - continued**

Financial instruments

The group has elected to apply the provisions of section 11 "Basic Financial Instruments" and section 12 "other Financial Instruments Issues" of FRS 102 to all of its financial instruments.

Financial instruments are recognized in company's statement of financial position when the group became party to the contractual provisions of the instruments.

Financial assets and liabilities are offset, with the net amount presented in the financial statements, when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Basic Financial Assets

Basic financial assets which include trade and other receivables, cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortized cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest.

Other Financial Assets

Other financial assets including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognized in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in active market are classified as "loans and receivables". Loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Impairment of Financial Assets

Financial Assets other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial Assets are impaired where there is objective evidence that, as a result of one or more events that accrued after the initial recognition of the financial assets, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognized in profit or loss.

Derecognition of Financial Asset

Financial assets are derecognized only when contractual rights to the cash flow from the asset expire or are settled, or when the group transfers the financial asset and substantially all the risk and reward of ownership to another entity, or if some of significant risk and rewards of ownership are retained but control of asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of Financial Liabilities

Financial liabilities and equity instruments are classified according to the substances of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

2. ACCOUNTING POLICIES – continued

Basic Financial Liabilities

Basic financial liabilities including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognized at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of future payments discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using effective interest rate method.

Trade payables are obligation to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at transaction price and subsequently measured at amortized cost using effective interest method.

Financial liabilities and equity instruments are classified according to the substance to the contractual arrangement entered into. An equity instrument is a contract that evidences a residual interest in the asset of the company after deducting all of its liabilities.

De-recognition of Financial Liability

Financial liabilities are derecognized when the group's contractual obligations expire or are discharged or cancelled.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liability is generally recognized for all timing differences and deferred tax asset is recognized to the extent that it is probable that they will be recovered against the reversal of deferred tax liability or other future taxable profits. Such assets and liabilities are not recognized if the timing differences arises from goodwill or from initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profits.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized. Deferred tax is charged or credited in profit and loss account, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity. Deferred tax assets and liability are offset if, and only if there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains or losses arising on translation are included in the profit and loss account for the period.

Leases

Rentals payables under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Retirement benefits

Payment to defined contribution retirement benefit schemes are charged as an expense as they fall due.

2. ACCOUNTING POLICIES - continued

Critical judgements

The following judgements (apart from those involving estimates) had the most significant effect on amount recognized in the financial statements.

3. JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, the directors are required to make judgements, estimated and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences 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. Revision to accounting estimates are recognized in the period in which the estimate is revised where the revision affects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

4. TURNOVER

An analysis of company's turnover is as follows:

	2022 £	2021 £
Turnover		
Sale of goods	<u>59,701,635</u>	<u>59,417,458</u>

5. OTHER OPERATING INCOME

	2022 £	2021 £
Bank Interest Income	807	640
Grant Income	139,446	156,015
Other Income	<u>1,415</u>	<u>25,562</u>
	<u>141,668</u>	<u>182,217</u>

6. EMPLOYEES AND DIRECTORS

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

	2022	2021
Production	160	164
Sales and Administration	<u>17</u>	<u>17</u>
	<u>177</u>	<u>181</u>

Their aggregate remuneration comprised of:

	2022	2021
	£	£
Wages and salaries	5,276,919	5,164,916
Social security costs	566,220	455,216
Other pension costs	<u>87,533</u>	<u>193,346</u>
	<u>5,930,672</u>	<u>5,534,424</u>

During the year, no director (2021-none) of Marksans Pharma U.K. Limited received any emoluments from Marksans Pharma U.K. Limited or any of its subsidiaries

During the year, retirement benefits were accruing to no directors (2021-none) of Marksans Pharma U.K. Limited in respect of defined contribution pension schemes.

7. OPERATING PROFIT

The operating profit is stated after charging/ (crediting):

	2022	2021
	£	£
Depreciation - owned assets	479,050	373,008
Amortisation of intangible assets	519,851	502,165
Foreign exchange difference	(4,091)	(2,205)
Impairment of Intangibles	109,511	440,820
Impairment of fixed assets	<u>-</u>	<u>14,908</u>

8. AUDITORS' REMUNERATION

Fees payable to the company's auditors

	2022	2021
	£	£
For audit services		
Audit of the financial statements of the group and company	4000	4,000
Audit of the company's subsidiaries	18000	18,000
For other services	<u>2000</u>	<u>2,000</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank overdraft and Interest payable	<u>3,947</u>	<u>29,284</u>
	<u>3,947</u>	<u>29,284</u>

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

10. TAXATION

Analysis of the tax credit

The tax credit on the profit/(loss) for the year was as follows:

	2022 £	2021 £
Current tax:		
UK corporation tax	2,335,105	3,669,920
Tax on profit/ (loss)	2,335,105	3,669,920

	2022 £	2021 £
Current tax		
UK corporation tax on profits for the current period	2,197,044	3,711,517
Short provision of prior year	5,649	-
Deferred tax	<u>132,412</u>	<u>(41,597)</u>
	<u>2,335,105</u>	<u>3,669,920</u>

The charge for the year can be reconciled to the (loss)/profit per the profit and Loss account as follows:

	2022 £	2021 £
Profit before Taxation on continued operations	11,530,962	18,459,469
Profit on ordinary activities before taxation multiplied by standard Rate of corporation tax of 19% (2021-19%)		3,507,299
	2,190,883	
Tax effect of expenses that are not deductible in determining taxable profit	37,337	120,032
Amortisation on assets not qualifying for tax allowances	54,312	54,312
Difference of Capital allowances and depreciation	(72,473)	30,324
Other tax adjustment	<u>(13,015)</u>	<u>(450)</u>
Tax Expense for the year	<u>2,197,044</u>	<u>3,711,517</u>

11. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

12. DIVIDENDS

	2022 £	2021 £
Ordinary share capital of £1 each	<u>1,200,000</u>	<u>1,000,000</u>

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

13. INTANGIBLE FIXED ASSETS

Group

	Goodwill £	CWIP £	Development costs £	Totals £
COST				
At 1 April 2021	5,717,140	112,027	5,944,773	11,773,940
Additions	-	79,000	-	79,000
At 31 March 2022	5,717,140	191,027	5,944,773	11,852,940
AMORTISATION				
At 1 April 2021	3,749,538	-	2,716,786	6,466,324
Amortisation for year	285,857	-	233,995	519,851
Impairments	-	-	109,511	109,511
At 31 March 2022	4,035,395	-	3,060,292	7,095,686
NET BOOK VALUE				
At 31 March 2022	1,681,745	191,027	2,884,481	4,757,254
At 31 March 2021	1,967,602	112,027	3,227,987	5,307,616

14. TANGIBLE FIXED ASSETS

Group

	Freehold property £	CWIP £	Plant and machinery £	Fixtures and fittings £	Totals £
COST					
At 1 April 2021	2,385,365	563,656	4,838,678	373,127	8,160,826
Additions	7,938	61,728	377,322	29,037	476,025
Disposals	-	-	(96,989)	-	(96,989)
Reclassification/transfer	-	(554,569)	554,569	-	-
At 31 March 2022	2,393,303	70,815	5,673,580	402,164	8,539,862
DEPRECIATION					
At 1 April 2021	415,205	-	4,057,162	155,980	4,628,347
Charge for year	102,906	-	296,719	79,425	479,050
Eliminated on disposal	-	-	(96,989)	-	(96,989)
At 31 March 2022	518,111	-	4,256,892	235,405	5,010,408
NET BOOK VALUE					
At 31 March 2022	1,875,192	70,815	1,416,688	166,759	3,529,454
At 31 March 2021	1,970,160	563,656	781,516	217,147	3,532,479

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

15. FIXED ASSET INVESTMENTS

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Investments in subsidiaries		-	-	20,326,514	20,326,514

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking and country of incorporation of residency		Nature of business	Class of shareholding	% Held Direct	Indirect
Marksans Holdings Limited	England and Wales	Holding Company	Ordinary	100	
Bell, Sons & Co (Druggists) Limited	England and Wales	Pharmaceuticals	Ordinary	-	100
Relonchem Limited	England and Wales	Pharmaceuticals	Ordinary	100	-

16. STOCKS

	Notes	Group 2022 £	2021 £	Company 2022 £	2021 £
Raw materials and consumables		1,764,950	1,264,653	-	-
Finished goods and goods for resale		11,428,504	12,636,466	-	-
		13,193,454	13,901,119	-	-

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022 £	2021 £	2022 £	2021 £
Trade debtors	12,992,422	9,878,054	-	-
Amounts owed by group undertakings	5,748,091	2,076,972	-	34,957
Other debtors	40,000	185,023	-	-
Prepayments and accrued income	303,143	319,538	-	-
	19,083,656	12,459,587	-	34,957

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

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£	£	£	£
Trade creditors	2,753,842	2,232,531	-	-
Other creditors	-	198,054	-	-
Dividend payable	1,200,000	1,000,000	-	-
Amounts owed to group undertakings	-	-	5,168,715	5,197,482
Corporation tax Payable	1,010,680	2,246,930	-	-
Social security and other taxes	767,445	804,700	-	-
Other creditors	753,722	760,382	-	-
Accruals and deferred income	28,62,303	2,901,655	7,400	7,000
	<u>9,347,992</u>	<u>10,144,252</u>	<u>5,176,115</u>	<u>5,204,482</u>

19. FINANCIAL INSTRUMENTS

	Group		Company	
	2022	2021	2022	2020
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised costs	-	-	-	-
Carrying amount of financial liabilities				
Measured at amortised costs	-	-	-	-

20. PROVISIONS FOR LIABILITIES

	Notes	Group		Company	
		2022	2021	2022	2021
		£	£	£	£
Deferred tax liabilities		<u>280,900</u>	<u>148,488</u>	-	-
Payable within one year		-	-	-	-

21. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:					
Number:	Class:	Nominal value:	2022	2021	
			£	£	
8,596,941	Ordinary Share Capital	£8,596,941	<u>8,596,941</u>	<u>8,596,941</u>	

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

22. CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>63,745</u>	<u>38,225</u>

23. RELATED PARTY DISCLOSURES

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

24. CONTROLLING PARTY

The immediate parent undertaking is Marksans Pharma Limited, a company incorporated in India. Consolidated accounts are available from the Registrar of Companies, Everest 100, Marine Drive, Mumbai- 400 002, Maharashtra.

In the opinion of the directors, Marksans Pharma Limited is the company's ultimate parent Company and ultimate controlling party.

25. RETIREMENT BENEFIT SCHEMES

	2022 £	2021 £
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>185,690</u>	<u>193,346</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

26. OPERATING LEASES COMMITMENTS

Leases

Operating lease payments represent rental payable in respect of property, equipment and vehicles.

At 31 March 2022 the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £	Group 2021 £	Company 2021 £	Company 2020 £
Within one year	336,806	332,958	-	-
Between two and five years	<u>1,607,259</u>	<u>1,475,700</u>	-	-
After five years	- <u>432,912</u>	<u>721,520</u>	-	-

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

27. DEFERRED TAXATION

Deferred tax assets and liabilities are offset where the group or company has legal enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for the financial reporting purpose.

	2022	2021
Group	£	£
Accelerated capital allowances	<u>280,900</u>	<u>148,488</u>

The company has no deferred tax assets or liabilities.

There were deferred tax movements amounting £132,412 in the year.

28. CASH FLOW EXEMPTION

The group and company, being member of the group wherein the ultimate parent company prepares consolidated financial statements which are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard 102.

29. PREVIOUS YEAR FIGURES

Previous year figures have been rearranged/ regrouped/ reclassified wherever considered necessary to facilitate comparison with the current year figures.

Marksans Pharma U.K. Limited

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

	2022		2021	
	£	£	£	£
Sales		59,701,635		59,417,458
Cost of sales				
Purchases	34,135,349		26,993,364	
Wages	3,216,114		3,411,453	
Social security	305,683		275,563	
Pharmaceuticals license fees	388,777		348,025	
Sundry expenses	46,020		50,299	
Laboratory testing	414,606		231,251	
Storage	606,939		455,307	
Direct Manufacturing costs	603,539		557,337	
Carriage Inwards and import duty	1,351,945		1,044,892	
Power, light and heat	234,864		215,541	
Property repairs and maintenance	235,291		229,457	
Product development	119,244		143,521	
Regulatory & Vigilance Fees	671,076		477,709	
Sundry expenses	19,360		23,661	
Temporary recruitment	147,944		280,913	
Sales rebate	238,264		354,165	
Amortisation of intangible fixed assets				
Patents and licences	3,825		4,139	
Depreciation of tangible fixed assets				
Plant and machinery	381,576		299,477	
Impairment losses for tangible fixed assets	-		14,908	
		<u>43,120,416</u>		<u>35,410,982</u>
GROSS PROFIT		16,581,219		24,006,476
Other income				
Bank Interest Income	807		640	
Grant Income	139,446		156,015	
Other Income	<u>1,415</u>		<u>25,562</u>	
		<u>141,668</u>		<u>182,217</u>
		16,722,887		24,188,693
Distribution costs				
Wages	247,755		278,358	
Social security	27,633		30,980	
Pensions	12,452		12,982	
Vehicles Leasing	10,305		10,073	
Salesman expenses	15,442		8,152	
Carriage inwards and import duty	870,736		670,602	
Advertising	14,575	<u>1,198,898</u>	13,036	<u>1,024,183</u>

This page does not form part of the statutory financial statements

Marksans Pharma U.K. Limited

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

	2022		2021	
	£	£	£	£
Administrative expenses				
Rent	95,919		99,233	
Insurances (not premises)	121,815		115,959	
Wages	1,042,610		1,178,164	
Social security	232,904		148,673	
Pensions	59,344		57,624	
Telecommunications	43,159		37,630	
Printing & Stationery	49,218		42,981	
Post and Courier	6,123		2,491	
Travelling	11,362		437	
Leasing Motor expenses	16,278		15,189	
Motor running expenses	3,844		6,722	
Property repairs and maintenance	92,695		102,142	
Staff recruitment costs	122,235		37,329	
Waste Disposal Expenses	(2,106)		44,996	
Staff training	24,981		6,263	
Premises insurance	170,007		149,459	
Staff pension	15,737		21,237	
Sundry expenses	25,098		22,799	
Conference Cost	-		4,000	
Bank charges	57,304		31,471	
Professional subscriptions	6,342		5,268	
Rates	83,958		83,781	
Accountancy fee	51,618		79,268	
Directors' remuneration	620,398		1,088,668	
Legal fees	134,699		142,122	
Auditors' remuneration	22,590		23,210	
Profit or loss on foreign exchange	(4,091)		(2,205)	
Amortisation of intangible fixed assets	516,026		498,026	
Depreciation of tangible fixed assets	97,474		73,531	
(Profit)/ Loss on sale of tangible fixed assets	-		441,547	
Impairment losses for intangible fixed assets	109,511		-	
Computer software	11,542		7,515	
Entertaining	34,312		9,455	
Bad and doubtful debts	-		(522)	
Consultancy fees	50,000		50,000	
Employee Expenses	376		2,022	
Canteen expenses	1,806		937	
Product registrations and trade	63,992		48,335	
		39,89,080		4,675,757

This page does not form part of the statutory financial statements

Marksans Pharma U.K. Limited

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

	2022		2021	
	£	£	£	£
Finance costs				
Bank overdraft and Interest payable		<u>3,947</u>		<u>29,284</u>
NET PROFIT		11,530,962		18,459,469

This page does not form part of the statutory financial statements

Report of the Directors and
Financial Statements for the Year Ended 31 March 2022

for

Marksans Holdings Limited

Registered Number: 05591744 (England and Wales)

Marksans Holdings Limited

Contents of the Financial Statements
for the Year Ended 31 March 2022

	Page
Company Information	1
Report of the Directors	2
Directors' Responsibilities Statement	3
Report of the Independent Auditors	4
Income Statement	8
Other Comprehensive Income	9
Balance Sheet	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

Marksans Holdings Limited

Company Information
for the Year Ended 31 March 2022

DIRECTORS:

Mr. S Jayanna
Mrs. S Saldanha
Mr. M Saldanha
Mr.J Sharma
Mr S R Buddharaju
Mr C Hunter

SECRETARY:

Mrs G Jacks

REGISTERED OFFICE:

Cheshire House
Gorsey Lane
Widnes
Cheshire
WA8 0RP

REGISTERED NUMBER:

05591744 (England and Wales)

AUDITORS:

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

Marksans Holdings Limited

Report of the Directors
for the Year Ended 31 March 2022

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

PRINCIPAL ACTIVITY

The principle activity of the company continued to be that of a holding company. The company holds the entire share capital of Bell, Sons & Co. (Druggists) Limited, a company that Manufactures pharmaceuticals products.

The company had not traded during the year.

The business has performed well in 2021-22 despite the numerous challenges experienced throughout the year. COVID restrictions impacted customer demand in the first half year and increases in raw material, packaging and freight costs were exacerbated by staff turnover issues. An increase in demand in the second half year due to a relaxation of COVID measures along with effective supply chain management, implementation of price increases and employee stabilisation resulted in a positive performance and maintained the steady growth of the business.

DIVIDENDS

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

DIRECTORS

The directors who holds office during the year and upto the date of signature of financial statement were as follow

Mr. M Saldanha
Mr. S Jayanna
Mr. J Sharma
Mrs. S Saldanha
Mr. C Hunter
Mr. Buddharaju, Seetharama Raju

RESULTS AND DIVIDENDS

The results for the year are set out on page 7.

The directors do not recommend the payment of a dividend

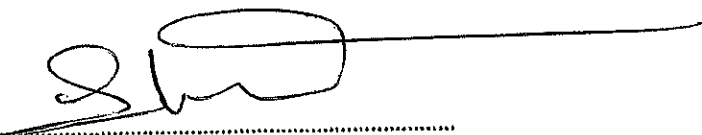
AUDITORS

The auditors, PBG Associates Ltd, will be proposed for re appointment at the forth coming Annual General Meeting.

STATEMENT OF DISCLOSURE TO AUDITORS

So far as each person who has a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:



Director – Mr Sathish Kumar

Date: 16 May 2022

Marksans Holdings Limited

Directors' Responsibilities Statement
for the Year Ended 31 March 2022

The directors are responsible for preparing annual report and financial statement in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statement for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (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 state of affairs of the company and of the profit or loss of the company for the period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgements and accounting estimates that are reasonable and prudent.
- Prepare the financial statement 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 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.

Report of the Independent Auditors to the Members of
Marksans Holdings Limited

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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 financial statements are authorised for issue.

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

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 in the Report of the Directors and the Directors' Responsibilities Statement, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of
Marksans Holdings Limited

Matters on which we are required to report by exception

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

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 Directors' Responsibilities Statement set out on page three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with those charged with governance of the company. Our approach was as follows:

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

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

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

Report of the Independent Auditors to the Members of
Marksans Holdings Limited

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

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

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

Use of our report

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



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

Date: 16 May 2022

Marksans Holdings Limited

Income Statement
for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
TURNOVER		<u>-</u>	<u>-</u>
OPERATING PROFIT and PROFIT BEFORE TAXATION		-	-
Tax on profit	5	-	-
PROFIT FOR THE FINANCIAL YEAR		<u>-</u>	<u>-</u>

The notes form part of these financial statements

Marksans Holdings Limited

Other Comprehensive Income
for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		-	-
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>-</u>	<u>-</u>

-

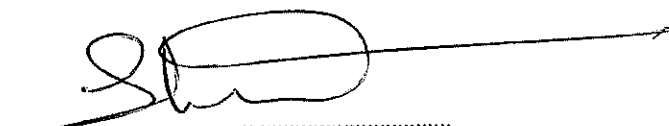
The notes form part of these financial statements

Marksans Holdings Limited (Registered number: 05591744)

Balance Sheet
31 March 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Investments	6	<u>1,490,874</u>	<u>1,490,874</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,490,874</u>	<u>1,490,874</u>
CAPITAL AND RESERVES			
Called up share capital	7	1,000	1,000
Share premium	8	<u>1,489,874</u>	<u>1,489,874</u>
SHAREHOLDERS' FUNDS		<u>1,490,874</u>	<u>1,490,874</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 May 2022 and were signed on its behalf by:



Director – Mr Sathish Kumar

The notes form part of these financial statements

Marksans Holdings Limited

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

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2020	1,000	-	1,489,874	1,490,874
Changes in equity				
Balance at 31 March 2021	<u>1,000</u>	<u>-</u>	<u>1,489,874</u>	<u>1,490,874</u>
Changes in equity				
Balance at 31 March 2022	<u>1,000</u>	<u>-</u>	<u>1,489,874</u>	<u>1,490,874</u>

The notes form part of these financial statements

1. STATUTORY INFORMATION

Marksans Holdings Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Company information

Marksans Holdings Limited is a company limited by shares incorporated in England and Wales. The register office is Cheshire House, Gorsey Lane, Widnes, WA8 0RP.

Cash flow exemption

The company, being member of the group wherein the parent company prepares consolidated financial statements which are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard 102.

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standards applicable in UK and Republic of Ireland" (FRS 102) and the requirement of Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded in nearest pound.

The financial statements have been prepared on the historical cost convention. The principle accounting policies adopted are set out below.

The company has taken advantage of exemption under section 400 of Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Marksans Holdings Limited is a Wholly subsidiary of Marksans Pharma U.K. Limited and the results of Marksans Pharma U.K. Limited are included in the consolidated Financial Statement of Marksans Pharma U.K. Limited which are available from Companies House, Cardiff, CF 14 3UZ.

Going concern

At the time of approving the financial statement, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing financial statements.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts are shown within borrowings in current liabilities.

Fixed asset investment

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognized immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

2. **ACCOUNTING POLICIES - continued**

Financial instruments

The company elected to apply the provisions of section 11 "Basic Financial Instruments" and section 12 "other Financial Instruments Issues" of FRS 102 to all of its financial instruments.

Financial instruments are recognized in company's statement of financial position when the company became party to the contractual provisions of the instruments. Financial assets and liabilities are offset, with the net amount presented in the financial statements. When there is a legally enforceable right to set off the recognized amount and there is an intention to settle on a net basis or to realize the net asset and settle the liability simultaneously.

Basic Financial Assets

Basic financial assets which include trade and other receivables, cash and bank balances, are initially measured at transaction price including transaction cost and are subsequently carried at amortized cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest.

Other financial asset

Other financial assets including investment in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the change in fair value are recognized in profit or loss, except that investment in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Trade debtor, loans and other receivables that have fixed or determinable payments that are not quoted in active market are classified as "Loans and receivables" loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Interest is recognized by applying the effective interest rate, except for short term receivable when the recognition of interest would be immaterial. The effective interest rate method is a method of calculating the amortized cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the effective expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of Financial Assets

Financial Assets other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial Assets are impaired where there is objective evidence that, as a result of one or more events that accrued after the initial recognition of the financial assets, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognized in profit or loss.

If there is a decrease in impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what carrying amount would have been, had the impairment not previously been recognized. The impairment reversal is recognized in profit or loss.

Derecognition of Financial Asset

Financial assets are derecognized only when contractual right to the cash flow from the asset expires or are settled, or when the company transfers the financial asset and substantially all the risk and reward of ownership to another entity, or if some of significant risk and rewards of ownerships are retained but control of asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

2. **ACCOUNTING POLICIES – continued**

Classification of Financial Liabilities

Financial liabilities and equity instruments are classified according to the substances of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic Financial Liabilities

Basic financial liabilities including trade and other payables, bank loan, loan from fellow group companies and preference shares that are classified as debt, are initially recognized at transaction price unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at cost, using effective interest rate method.

Trade payables are obligation to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at transaction price and subsequently measured at amortized cost using effective interest rate method.

Other Financial Liability

Derivatives, including interest rate swap and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re measured at fair value. Changes in the fair values of derivatives are recognized in profit or loss in finance costs or finance income as appropriate unless hedge accounting is applied and the hedge is a cash flow hedge.

Financial liabilities and equity instruments are classified according to the substance to the contractual arrangement entered into. An equity instrument is an contract that evidences a residual interest in the asset of the company after deducting all of its liabilities.

Derecognition of Financial Liability

Financial liabilities are derecognized when the company's contractual obligation expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by company are recorded at the proceeds received, net of direct issue cost. dividend payable on equity instrument are recognized as liability once they are no longer at the discretion of company.

3. **EMPLOYEES AND DIRECTORS**

The average monthly number of persons (including directors) employed by the company during the year was nil (2021: Nil).

4. **OPERATING PROFIT**

The auditor's remuneration for the year was borne by a fellow group undertaking.

5. **TAXATION**

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31 March 2022 nor for the year ended 31 March 2021.

Marksans Holdings Limited

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

6. **FIXED ASSET INVESTMENTS**

	2022	2021
	£	£
Investments in subsidiaries	<u>1,490,874</u>	<u>1,490,874</u>

The company has not designed any financial assets that are not classified as financial assets as fair value through profit or loss.

Movement in Fixed assets investments

	Investment in Subsidiary Company £
Cost	
At 1 April 2021 & 31 March 2022	<u>1,490,874</u>
Carrying amount	
At 31 March 2022	<u>1,490,874</u>
At 31 March 2021	<u>1,490,874</u>

Subsidiaries

These financial statements are separate company financial statements for Marksans Holdings Limited.

Details of the company's subsidiaries at 31 March 2022 are as follows:

Name of undertaking	Country of Incorporation	Nature of business	Class of Shareholding	% Held Direct indirect
Bell, Sons & Co (Druggists) Limited	England and Wales	Pharmaceutical	Ordinary	100.00

The aggregate capital and reserve and the result for the year of the subsidiaries noted above was as follow:

Name of undertaking	Profit/(Loss) £	Capital and Reserve £
Bell, Sons & Co.(Druggists) Limited	<u>3,962,285</u>	<u>18,989,927</u>

7. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2022	2021
Number:	Class:	Nominal value:	£	£
1,000	Ordinary Share Capital	£1	<u>1,000</u>	<u>1,000</u>

Marksans Holdings Limited

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

8. RESERVES

	Retained earnings £	Share premium £	Totals £
At 1 April 2021	-	1,489,874	1,489,874
Profit for the year	-	-	-
At 31 March 2022	-	1,489,874	1,489,874

9. CONTROLLING PARTY

The immediate parent undertaking is Marksans Pharma U.K. Limited, a company registered in England and Wales.

In the opinion of directors, Marksans Pharma Limited is the company's ultimate parent company and ultimate controlling party.

The parent undertaking of the smallest group for which consolidated accounts are prepared is Marksans Pharma U.K. Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ.

The parent undertaking of the largest group for which consolidated accounts are prepared is Marksans Pharma Limited, a company incorporated in India. Consolidated accounts are available from the Registrar of Companies, Everest 100, Marine Drive, Mumbai-400 002, Maharashtra.

Marksans Holdings Limited

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

	2022		2021	
	£	£	£	£
Income		<u>-</u>		<u>-</u>
NET PROFIT		-		-

This page does not form part of the statutory financial statements

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

for

Bell, Sons & Co. (Druggists) Limited

Registered Number: 00351951 (England and Wales)

Bell,Sons & Co.(Druggists) Limited

Contents of the Financial Statements
for the Year Ended 31 March 2022

	Page
Company Information	1
Strategic Report	2
Report of the Directors	4
Report of the Independent Auditors	6
Income Statement	9
Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Bell,Sons & Co.(Druggists) Limited

Company Information
for the Year Ended 31 March 2022

DIRECTORS:

Mr. S Jayanna
Mrs. S Saldanha
Mr. M Saldanha
Mr.J Sharma
Mr S R Buddharaju
Mr C Hunter

SECRETARY:

Mrs G Jacks

REGISTERED OFFICE:

Gifford House
Slaidburn Crescent
Southport
Merseyside
PR9 9AL

REGISTERED NUMBER:

00351951 (England and Wales)

AUDITORS:

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

The directors present the strategic report and financial statement for the year ended 31 March 2022.

FAIR REVIEW OF BUSINESS

The directors consider the result for the period to be satisfactory. During the period sales decreased from £38,778,680 to £36,293,092 and the profit on ordinary activities before taxation was £4,996,780 (2021: £10,707,961). The directors expect turnover and the profit on ordinary activities to increase in the forthcoming year.

Bell's manufactures licensed products - both as own branded products and, for certain customers, in own label from together with a range of unlicensed products. The company owns a state-of-the-art manufacturing facility in Southport and is an established manufacturer of over 200 OTC pharmaceuticals having full approval of the UK MHRA.

Bell's customers include retailers, pharmacies, chemist wholesalers and cash and carry outlets. The company enjoys a significant stronghold in the export markets. With more than 80 years of experience and a reach across 50+ countries, the brand is recognized and respected globally. Its key markets are West Africa and Middle East.

Principle risk and uncertainties arise from a competitive market.

Company is able to manage risks by utilising manufacturing capabilities of parent company which also secures reliable supplies.

In addition, production methods are consistently being reviewed to ensure the most efficient operations are in place.

SECTION 172(1) STATEMENT

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

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

Energy consumption and Greenhouse gas emissions. During the year, the group consumed 0.93 GWH of electricity (Scope 2) and 0.43 GWH of gas (Scope 1). There were no other material emissions as a result of the company's activities. Our gross greenhouse gas (GHG) emissions for the year ended 31 March 2022 were 272 tonnes of CO₂. We have calculated our carbon footprint according to the World Resources Institute ("WRI") and World Business Council for Sustainable Development ("WBCSD") GHG Protocol, which is the internationally recognised standard for corporate carbon reporting. Energy-saving initiatives include considering methods of recycling as well as a continuous programme of switching to more efficient LED lighting.

The business has performed well in 2021-22 despite the numerous challenges experienced throughout the year. COVID restrictions impacted customer demand in the first half year and increases in raw material, packaging and freight costs were exacerbated by staff turnover issues. An increase in demand in the second half year due to a relaxation of COVID measures along with effective supply chain management, implementation of price increases and employee stabilisation resulted in a positive performance and maintained the steady growth of the business.

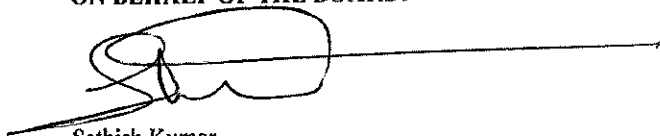
Bell, Sons & Co. (Druggists) Limited

Strategic Report
for the Year Ended 31 March 2022

The company will continue to develop its products range to meet market needs.

The profit for the year, after taxation before dividend amounting to £3,962,285 (2021: £8,665,022).

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line extending to the right.

Sathish Kumar
Director

Date: 16 May 2022

Bell, Sons & Co. (Druggists) Limited

Report of the Directors
for the Year Ended 31 March 2022

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

PRINCIPAL ACTIVITY

The principle activity of the company continued to be that of Manufacturer and sale of pharmaceuticals.

DIVIDENDS

Dividend declared during the year amounting £0.6 million for the year ended 2022(2021- 0.5mn)

DIRECTORS

The directors who holds office during the year and upto the date of signature of financial statement were as follow:

Mr. M Saldanha
Mr. J Sharma
Mrs. S Saldanha
Mr. S Jayanna
Mr Colin Hunter
Mr. Buddharaju, Seetharama Raju

RESULTS AND DIVIDENDS

The results for the year are set out on page 9.

AUDITORS

The auditors, PBG Associates Ltd, will be proposed for re appointment at the forth coming Annual General Meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

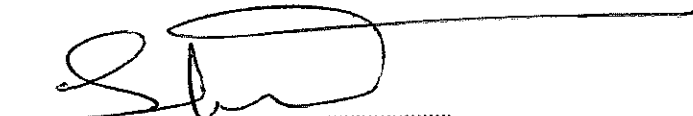
Bell, Sons & Co. (Druggists) Limited

Report of the Directors
for the Year Ended 31 March 2022

STATEMENT OF DISCLOSURE TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
Director – Mr Sathish Kumar

Date: 16 May 2022

Report of the Independent Auditors to the Members of
Bell, Sons & Co. (Druggists) Limited

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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 financial statements are authorised for issue.

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

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 in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of
Bell, Sons & Co. (Druggists) Limited

Matters on which we are required to report by exception

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

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 four, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with those charged with governance of the Company. Our approach was as follows:

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

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

Report of the Independent Auditors to the Members of
Bell, Sons & Co. (Druggists) Limited

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

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

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

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

Use of our report

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



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

Date: 16 May 2022

Bell,Sons & Co.(Druggists) Limited

Income Statement
for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
TURNOVER	3	36,293,092	38,778,680
Cost of sales		<u>28,564,544</u>	<u>25,148,996</u>
GROSS PROFIT		7,728,548	13,629,684
Distribution costs		1,198,898	1,024,183
Administrative expenses		<u>1,672,689</u>	<u>2,049,111</u>
		<u>2,871,587</u>	<u>3,073,294</u>
		4,856,961	10,556,390
Other operating income	4	<u>140,965</u>	<u>160,650</u>
OPERATING PROFIT	6	4,997,926	10,717,040
Interest payable and similar expenses	7	<u>1,146</u>	<u>9,079</u>
PROFIT BEFORE TAXATION		4,996,780	10,707,961
Tax on profit	8	1,034,495	2,042,939
PROFIT FOR THE FINANCIAL YEAR		<u>3,962,285</u>	<u>8,665,022</u>

The notes form part of these financial statements

Bell,Sons & Co.(Druggists) Limited

Other Comprehensive Income
for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		3,962,285	8,665,022
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>3,962,285</u>	<u>8,665,022</u>

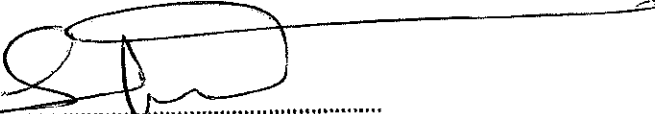
The notes form part of these financial statements

Bell Sons & Co.(Druggists) Limited (Registered number: 00351951)

Statement of Financial Position
31 March 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	10	10,040	13,865
Tangible assets	11	<u>3,362,695</u>	<u>3,315,332</u>
		3,372,735	3,329,197
CURRENT ASSETS			
Stocks	12	7,920,903	9,205,454
Debtors	13	10,089,907	6,509,699
Cash in hand		<u>4,165,761</u>	<u>4,238,533</u>
		22,176,571	19,953,686
CREDITORS			
Amounts falling due within one year	14	<u>6,278,479</u>	<u>7,506,753</u>
NET CURRENT ASSETS		<u>15,898,092</u>	<u>12,446,933</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,270,827	15,776,130
PROVISIONS FOR LIABILITIES	15	<u>280,900</u>	<u>148,488</u>
NET ASSETS		<u>18,989,927</u>	<u>15,627,642</u>
CAPITAL AND RESERVES			
Called up share capital	16	6,334	6,334
Revaluation reserve	17	1,037,692	1,037,692
Retained earnings	17	<u>17,945,901</u>	<u>14,583,616</u>
SHAREHOLDERS' FUNDS		<u>18,989,927</u>	<u>15,627,642</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 May 2022 and were signed on its behalf by:


.....
Director - Mr. Sathish Kumar

The notes form part of these financial statements

Bell, Sons & Co. (Druggists) Limited

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

	Called up share capital £	Retained earnings £	Revaluation reserve £	Total equity £
Balance at 1 April 2020	6,334	6,418,594	1,037,692	7,462,620
Changes in equity				
Dividends	-	(500,000)	-	(500,000)
Total comprehensive income	-	8,665,022	-	8,665,022
Balance at 31 March 2021	<u>6,334</u>	<u>14,583,616</u>	<u>1,037,692</u>	<u>15,627,642</u>
Changes in equity				
Dividends	-	(600,000)	-	(600,000)
Total comprehensive income	-	3,962,285	-	3,962,285
Balance at 31 March 2022	<u>6,334</u>	<u>17,945,901</u>	<u>1,037,692</u>	<u>18,989,927</u>

The notes form part of these financial statements

1. STATUTORY INFORMATION

Bell, Sons & Co. (Druggists) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standards applicable in UK and Republic of Ireland" (FRS 102) and the requirement of Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded in nearest pound.

The financial statements have been prepared on the historical cost convention. The principle accounting policies adopted are set out below.

Cash flow exemption

The company, being member of the group wherein the parent company prepares consolidated financial statements which are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard 102.

Going concern

At the time of approving the financial statement, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing financial statements.

Turnover

Turnover comprises revenue recognized by company in respect of goods supplied during the year, exclusive of Value Added Taxes and trade discount based on the date they are dispatched.

Revenue from sale of goods to be recognized when significant risk and reward of ownerships of goods have passed to the buyer (usually on dispatch of goods), the amount of revenue can be measured reliably, it is probable that the economic benefit associated with the transactions will flow to the entity and the cost incurred or to be incurred in respect of transactions can be measured reliably.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from business are recognized at cost and are subsequently measured at cost less accumulated impairment losses. Intangible assets acquired in business combinations are recognized separately from goodwill at acquisition date if the fair value can be measured reliably.

Amortization is recognized so as to write off the cost or valuation of the assets less their residual values over their useful lives on the following basis

Product licence - 5 to 20 years Straight Line Method

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is not charged on Freehold land. Depreciation provided at rates calculated to write off the cost or valuation less estimated residual value of each assets over its expected useful life, as follow;

Freehold Building - 2% Cost or Valuation
Plant and machinery - 20% Straight Line Method

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceed and carrying value of the asset, and is credited and charged to profit or loss.

Capital work in progress consists of asset under construction. It will be capitalised when the property is ready to use and will be depreciated over its expected useful life.

Impairment of Fixed Asset

At each reporting end date, the company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of impairment loss (if any).

Whether it is not possible to estimate recoverable amount of an individual asset, the company estimate the recoverable amount of cash generating unit to which the asset belongs.

Recoverable amount is higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discontinued at their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount.

An impairment loss is recognized immediately in profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decreases.

Stocks

Stocks are stated at lower of cost and estimated selling price less costs to complete sell. Cost comprises direct materials and, where applicable, direct labour costs those overheads that have been incurred in bringing the stock to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of carrying amount of stocks over its estimated selling price less cost to complete and sell is recognized as an impairment loss in profit or loss. Reversals of impairment losses are also recognized in profit or loss.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

2. **ACCOUNTING POLICIES - continued**

Financial instruments

The company elected to apply the provisions of section 11 "Basic Financial Instruments" and section 12 "Other Financial Instruments Issues" of FRS 102 to all of its financial instruments.

Financial instruments are recognized in company's statement of financial position when the company became party to the contractual provisions of the instruments.

Financial assets and liabilities are offset, with the net amount presented in the financial statements. When there is a legally enforceable right to set off the recognized amount and there is an intention to settle on a net basis or to realize the net asset and settle the liability simultaneously.

Basic Financial Assets

Basic financial assets which include trade and other receivables, cash and bank balances, are initially measured at transaction price including transaction cost and are subsequently carried at amortized cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest.

Trade debtor, loans and other receivables that have fixed or determinable payments that are not quoted in active market are classified as "Loans and receivables" loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Impairment of Financial Assets

Financial Assets other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial Assets are impaired where there is objective evidence that, as a result of one or more events that accrued after the initial recognition of the financial assets, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognized in profit or loss.

If there is a decrease in impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what carrying amount would have been, had the impairment not previously been recognized. The impairment reversal is recognized in profit or loss.

De-recognition of Financial Asset

Financial assets are derecognized only when contractual right to the cash flow from the asset expire or are settled, or when the company transfer the financial asset and substantially all the risk and reward of ownership to another entity, or if some of significant risk and rewards of ownerships are retained but control of asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of Financial Liabilities

Financial liabilities and equity instruments are classified according to the substances of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic Financial Liabilities

Basic financial liabilities include trade and other payables, bank loan, loan from fellow group companies and preference shares that are classified as debt, are initially recognized at transaction price unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of future payments discounted at a market rate of interest. Debt instruments are subsequently carried at cost, using effective interest rate method.

2. ACCOUNTING POLICIES - continued

Trade payables are obligation to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at transaction price and subsequently measured at amortized cost using effective interest rate method.

Financial liabilities and equity instruments are classified according to the substance to the contractual arrangement entered into. An equity instrument is a contract that evidences a residual interest in the asset of the company after deducting all of its liabilities.

De-recognition of Financial Liability

Financial liabilities are derecognized when the company's contractual obligation expire or are discharged or cancelled.

Taxation

The tax expenses represent the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income and expenses that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liability is generally recognized for all timing differences and deferred tax asset is recognized to the extent that it is probable that they will be recovered against the reversal of deferred tax liability or other future taxable profits. Such assets and liabilities are not recognized if the timing differences arises from goodwill or from initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profits.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realized. Deferred tax is charged or credited in profit and loss account, except when it relates to items charged or credited directly to equity, in which case deferred tax is also dealt with in equity. Deferred tax assets and liability are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax asset and liabilities relate to taxes levied by the same tax authority.

Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains or losses arising on translation are included in the profit and loss account for the period.

Leases

Rentals payables under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefit from the leased assets are consumed.

Employee benefits

The cost of short term employee benefits is recognized as a liability and an expense, unless those cost are required to be recognized as part of the cost of stock or fixed asset. Termination benefit are recognized immediately as an expense when company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

2. **ACCOUNTING POLICIES - continued**

Retirement benefits

Payment to defined contribution retirement benefit schemes are charged as an expense as the fall due.

Equity instruments

Equity instruments issued by company are recorded at the proceeds received, net of direct issue cost. Dividend payable on equity instrument are recognized as liability once they are no longer at the discretion of company.

3. **TURNOVER**

An analysis of company's turnover is as follows:

	2022	2021
	£	£
Turnover		
Sale of goods	<u>36,293,092</u>	<u>38,778,680</u>

4. **OTHER OPERATING INCOME**

	2022	2021
	£	£
Bank interest receivable	807	640
Grant Income	139,446	156,015
Other Income	712	3,995
	<u>140,965</u>	<u>160,650</u>

5. **EMPLOYEES AND DIRECTORS**

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

	2022	2021
	Number	Number
Production	146	149
Sales and Administration	<u>17</u>	<u>17</u>
Total	<u>163</u>	<u>166</u>

Their aggregate remuneration comprised

	2022	2021
	£	£
Wages and Salaries	3,774,478	4,129,606
Social Security Cost	352,131	348,127
Other Pension Cost	<u>126,345</u>	<u>135,722</u>
Total	<u>4,252,955</u>	<u>4,613,455</u>

Directors Remuneration

	2022	2021
	£	£
Remuneration for qualifying services	-	-
Company pension contributions to defined contribution schemes	-	-
Total	-	-

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 0 (2021: Nil)

Directors Remuneration amounting to £427,126 (2021: £791,727) is recharged from Relonchem Limited)

6. OPERATING PROFIT

The operating profit is stated after charging/ (crediting):

	2022	2021
	£	£
Other operating leases	73,258	72,396
Depreciation - owned assets	399,625	316,326
Loss on disposal of fixed assets	-	727
Impairment of fixed assets	-	14,908
Patents and licences amortisation	3,825	4,139
Cost of stock recognised as an expenses	22,051,643	18,471,205
Auditors' remuneration:		
for audit services	8,000	8,000
for other services	1,000	1,000
Foreign exchange differences	(4,091)	(2,205)

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank overdraft interest payable	<u>1,146</u>	<u>9,079</u>

Bell, Sons & Co. (Druggists) Limited

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

8. TAXATION

	2022 £	2021 £
Current tax:		
UK corporation tax on profit	897,905	2,084,536
Short provision of prior year	<u>4,178</u>	<u>-</u>
UK corporation tax on profits for the current period	902,083	2,084,536
Deferred tax:		
Originating and reversal timing differences	<u>132,412</u>	<u>(41,597)</u>
	<u>1,034,495</u>	<u>2,042,939</u>

The charges for the year can be reconciled to the profit and loss account as follow:

	2022 £	2021 £
Profit before taxation on continued operations	4,996,780	10,707,961
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax of 19% (2020-19%)	949,388	2,034,513
Tax effect of expenses that are not deductible in determining taxable profit	-	138
Group relief	-	(1,370)
Difference of Capital allowances and depreciation	<u>(51,483)</u>	<u>51,255</u>
	<u>(51,483)</u>	<u>50,023</u>
Tax expenses for the year	<u>897,905</u>	<u>2,084,536</u>

9. DIVIDENDS

	2022 £	2021 £
Ordinary shares of £1 each		
Final	<u>600,000</u>	<u>500,000</u>

10. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1 April 2021	
and 31 March 2022	<u>68,882</u>
AMORTISATION	
At 1 April 2021	55,017
Amortisation for year	<u>3,825</u>
At 31 March 2022	<u>58,842</u>
NET BOOK VALUE	
At 31 March 2022	<u>10,040</u>
At 31 March 2021	<u>13,865</u>

11. TANGIBLE FIXED ASSETS

	Freehold property £	Capital work in progress property £	Plant and machinery £	Totals £
COST				
At 1 April 2021	2,385,365	563,656	4,838,678	7,787,699
Additions	7,938	61,728	377,322	446,988
Disposals	-	-	(96,989)	(96,989)
Reclassification/transfer	-	(554,569)	554,569	-
At 31 March 2022	<u>2,393,303</u>	<u>70,815</u>	<u>5,673,580</u>	<u>8,137,698</u>
DEPRECIATION				
At 1 April 2021	415,205	-	4,057,162	4,472,367
Charge for year	102,906	-	296,719	399,625
Eliminated on disposal	-	-	(96,989)	(96,989)
At 31 March 2022	<u>518,111</u>	<u>-</u>	<u>4,256,892</u>	<u>4,775,003</u>
NET BOOK VALUE				
At 31 March 2022	<u>1,875,192</u>	<u>70,815</u>	<u>1,416,688</u>	<u>3,362,695</u>
At 31 March 2021	<u>1,970,160</u>	<u>563,656</u>	<u>781,516</u>	<u>3,315,332</u>

Comparable historical cost for the land and building included at valuation:

	2022 £	2021 £
Cost	1,796,527	1,796,527
Accumulated depreciation	<u>935,011</u>	<u>899,081</u>
Carrying value	<u>861,516</u>	<u>897,446</u>

The Property was externally valued on 31st March 2013 at £2,300,000 by Eddisons Chartered Surveyors on an open market basis. The Directors are not aware of any material changes in value subsequently.

12. STOCKS

	2022 £	2021 £
Stocks of Raw materials and Consumables	2,206,491	1,653,508
Finished goods	<u>5,714,412</u>	<u>7,551,946</u>
	<u>7,920,903</u>	<u>9,205,454</u>

During the year £ 125,998 (2021: £ (288,164)) was recognized as an expense in Profit and Loss account in respect of the write down of inventory to net realizable value.

Bell, Sons & Co. (Druggists) Limited

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

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

	2022	2021
	£	£
Trade debtors	6,551,443	4,015,595
Amounts owed by group undertakings	3,366,347	2,140,161
Other debtors	-	145,023
Prepayments and accrued income	172,117	208,920
	<u>10,089,907</u>	<u>6,509,699</u>

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

	2022	2021
	£	£
Trade creditors	1,294,259	1,616,059
Loans and overdrafts	-	98,699
Dividend payable	600,000	500,000
Amounts owed to group undertakings	1,987,632	1,852,550
Corporation tax payable	327,335	1,233,105
Social security and other taxes	729,089	769,246
Other creditors	21,051	34,017
Accruals and deferred income	1,319,113	1,403,077
	<u>6,278,479</u>	<u>7,506,753</u>

15. **PROVISIONS FOR LIABILITIES**

	2022	2021
	£	£
Deferred tax (Accelerated Capital Allowances)	280,900	148,488

These are the major deferred tax liabilities and assets recognised by the company and in the current year there were movement amounting £132,412

16. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:		Nominal value:	2022	2021
Number:	Class:		£	£
6,334	Ordinary	£1	<u>6,334</u>	<u>6,334</u>

17. RESERVES

	Retained earnings £	Revaluation reserve £	Totals £
At 1 April 2021	14,583,616	1,037,692	15,621,308
Profit for the year	3,962,285		3,962,285
Dividends	(600,000)		(600,000)
At 31 March 2022	<u>17,945,901</u>	<u>1,037,692</u>	<u>18,983,593</u>

18. PENSION COMMITMENTS

Defined contribution schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £126,346 (2021-£ 135,722)

19. CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>33,870</u>	<u>23,350</u>

20. RELATED PARTY TRANSACTIONS EXEMPTION

The company has taken the advantage of exemption, under the terms of Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

21. CONTROLLING PARTY

The immediate parent undertaking is Marksans Holdings Limited, a company incorporated in England and Wales. The company is controlled by Marksans Pharma U.K. Limited by virtue of its 100% ownership of Marksans Holdings Limited.

The parent undertaking of smallest group for which consolidated accounts are prepared is Marksans Pharma U.K. Limited. Consolidated accounts are available from Companies House, Cardiff, CF14 3UZ. The parent undertaking of largest group for which consolidated accounts are prepared is Marksans Pharma Limited, a company incorporated in India. Consolidated accounts are available from the registrar of Companies, Everest 100, Marine Drive, Mumbai-400 002, Maharashtra.

In the opinion of the directors, Marksans Pharma Limited is the company's ultimate parent company and ultimate controlling party.

22. LOANS

An analysis of the maturity of loans is given below:

	2022	2021
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	-	98,699

The company's overdraft facility is secured on an all asset debenture charge creating a first charge over all free hold property and other assets within the company together with a corporate guarantee from the ultimate parent company, Marksans Pharma Limited, for the whole credit facility.

23. OPERATING LEASE COMMITMENTS

Lessee

At 31 March 2022 the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2022	2021
	£	£
Within one year	40,290	42,206
Between two and five years	<u>124,681</u>	<u>32,660</u>

24. PREVIOUS YEAR FIGURES

Previous year figures have been rearranged/ regrouped/ reclassified wherever considered necessary to facilitate comparison with the current year figures.

Bell,Sons & Co.(Druggists) Limited

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

	2022		2021	
	£	£	£	£
Sales		36,293,092		38,778,680
Cost of sales				
Purchases	22,051,643		18,471,205	
Wages	3,216,114		3,411,453	
Social security	305,683		275,563	
Pensions	98,157		101,503	
Sundry expenses	46,020		50,299	
Direct Manufacturing costs	603,539		557,337	
Carriage Inwards and import duty	863,020		715,854	
Light heat and power	234,864		215,541	
Repairs and maintenance	235,291		229,457	
Product development	119,244		143,521	
Discounts allowed	19,360		23,661	
Temporary recruitment	147,944		280,913	
Sales rebates	238,264		354,165	
Amortisation of intangible fixed assets				
Patents and licences	3,825		4,139	
Depreciation of tangible fixed assets				
Depreciation of plant and equipment	381,576		299,477	
Impairment losses for tangible fixed assets	-		14,908	
		<u>28,564,544</u>		<u>25,148,996</u>
GROSS PROFIT		7,728,548		13,629,684
Other income				
Bank interest receivable	-		640	
Sundry receipts	140,158		160,010	
Bank interest receivable	807		-	
		<u>140,965</u>		<u>160,650</u>
		7,869,513		13,790,334
Distribution Expenditure				
Wages	247,755		278,358	
Social security	27,633		30,980	
Pensions	12,452		12,982	
Vehicle leasing	10,305		10,073	
salesman expenses	15,442		8,152	
Carriage outwards	870,736		670,602	
Advertising and promotions	<u>14,575</u>	<u>1,198,898</u>	13,036	<u>1,024,183</u>
Administrative Expenditure				
Rent	73,258		72,396	
Life and medical insurance	17,722		18,031	
Wages	351,249		439,795	

This page does not form part of the statutory financial statements

Bell,Sons & Co.(Druggists) Limited

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

	2022		2021	
	£	£	£	£
Social security	40,840		41,584	
Telephone	28,559		27,404	
Post and stationery	42,682		37,976	
Motor expenses	16,278		15,189	
Motor running costs	1,771		3,162	
Repairs and renewals	88,706		99,381	
Staff recruitment costs	99,535		23,574	
Staff training and welfare	24,981		6,263	
Premises insurance	170,007		149,459	
Staff pension costs defined co contribution	15,737		21,237	
Management recharge- Directors remuneration	427,126		791,727	
Sundry expenses	14,761		18,297	
Bank charges	39,466		26,436	
Professional subscriptions	3,168		2,556	
Rates	83,958		83,781	
Other professional service	44,753		75,355	
Legal fees	-		21,365	
Auditors' remuneration	8,000		8,000	
Foreign exchange losses	(4,091)		(2,205)	
Depreciation of tangible fixed assets	18,049		16,849	
Profit/loss on sale of tangible fixed assets	-		727	
Bad debts	-		(522)	
Employee expenses	376		2,022	
Canteen	1,806		937	
Product registrations and trademark	63,992		48,335	
		1,672,689		2,049,111
		4,997,926		10,717,040
Finance costs				
Bank overdraft interest payable		1,146		9,079
NET PROFIT		4,996,780		10,707,961

This page does not form part of the statutory financial statements

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

for

Relonchem Limited

Registered Number: 04773758 (England and Wales)

Relonchem Limited

Contents of the Financial Statements
for the Year Ended 31 March 2022

	Page
Company Information	1
Strategic Report	2
Report of the Directors	3
Report of the Independent Auditors	5
Income Statement	9
Other Comprehensive Income	10
Balance Sheet	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

Relonchem Limited

Company Information
for the Year Ended 31 March 2022

DIRECTORS:

Mr. M Saldanha
Mrs. S Saldanha
Mr. J Sharma
Mr. S Jayanna
Mr C Hunter
Mr S R Buddharaju

SECRETARY:

Mrs G Jacks

REGISTERED OFFICE:

Cheshire House,
Gorsey Lane,
Widnes, Cheshire,
England,
WA80RP

REGISTERED NUMBER:

04773758 (England and Wales)

AUDITORS:

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

Relonchem Limited

Strategic Report
for the Year Ended 31 March 2022

The directors present the strategic report and financial statement for the year ended 31 March 2022.

FAIR REVIEW OF THE BUSINESS

During the period sales increased from £25,483,804 to £29,079,189 and company's profit on ordinary activities before taxation was £6,879,315 (2021: £8,232,490). The directors expect turnover and the profit on ordinary activities to increase in the forthcoming years.

The company develops, registers and distributes prescription generic pharmaceuticals in the UK.

Principle risk and uncertainties arise from a competitive market.

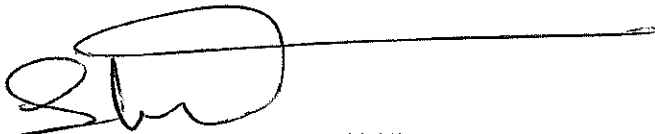
The company is able to manage the risk by utilizing the low-cost manufacturing capability of the parent company, which also secures reliable supplies.

The business has performed well in 2021-22 despite the numerous challenges experienced throughout the year. COVID restrictions impacted customer demand in the first half year and increases in raw material, packaging and freight costs were exacerbated by staff turnover issues. An increase in demand in the second half year due to a relaxation of COVID measures along with effective supply chain management, implementation of price increases and employee stabilisation resulted in a positive performance and maintained the steady growth of the business.

The company will continue to develop its product range through new product development and acquisition of licenses, to meet market needs.

The profit for the year, after taxation, before dividend amounting to £5,578,705 (2021: £6,605,509 Profit)

ON BEHALF OF THE BOARD:



Director – Mr. Sathish Kumar

Date: 16 May 2022

Relonchem Limited

Report of the Directors for the Year Ended 31 March 2022

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

PRINCIPAL ACTIVITIES

The principle activity of the company continued to be that of development, registration and distribution of generic prescription pharmaceuticals in the UK.

DIVIDENDS

Dividend declared during the year amounting £ 0.6 million for the year ended 2022 (2021-£0.5mn).

DIRECTORS

The directors who hold office during the year and up to the date of signature of financial statement were as follow:

Mr. M Saldanha
Mr. J Sharma
Mr. S Jayanna
Mrs. S Saldanha
Mr Colin Hunter
Mr. Buddharaju, Seetharama Raju

RESULTS AND DIVIDENDS

The results for the year are set out on page 8.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor are unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to established that the company's auditor are aware of that information.

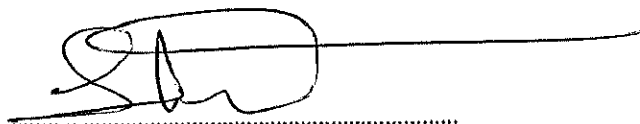
Relonchem Limited

Report of the Directors
for the Year Ended 31 March 2022

AUDITORS

The auditors, PBG Associates Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large, stylized 'S' followed by a horizontal line extending to the right.

.....
Director – Mr. Sathish Kumar

Date: 16 May 2022

Report of the Independent Auditors to the Members of
Relonchem Limited

Opinion

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

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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 financial statements are authorised for issue.

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Report of the Independent Auditors to the Members of
Relonchem Limited

Matters on which we are required to report by exception

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

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 three, 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 necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with those charged with governance of the company. Our approach was as follows:

- o We obtained a general understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are direct laws and regulations, related to continuing approval by MHRA, company's legislation and the financial reporting framework (UK GAAP). We obtained a general understanding of how the Company is complying with those frameworks by making enquiries of management and those responsible for legal and compliance matters of the Company.
- o For both direct and other laws and regulations, our procedures involved: making enquiry of the directors of the Company for their awareness of any noncompliance of laws or regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees.
- o The Company operates in the pharmaceutical industry which is a highly regulated environment. As such the Senior Statutory Auditor considered the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of specialists where appropriate.

Report of the Independent Auditors to the Members of
Relonchem Limited

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

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

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

Use of our report

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



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

Date: 16 May 2022

Relonchem Limited

Income Statement
for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
TURNOVER	3	29,079,189	25,483,804
Cost of sales		<u>20,173,832</u>	<u>14,919,097</u>
GROSS PROFIT		8,905,357	10,564,707
Administrative expenses		<u>2,023,944</u>	<u>2,333,579</u>
		6,881,413	8,231,128
Other operating income	4	<u>703</u>	<u>21,567</u>
OPERATING PROFIT	6	6,882,116	8,252,695
Interest payable and similar expenses	8	<u>2,801</u>	<u>20,205</u>
PROFIT BEFORE TAXATION		6,879,315	8,232,490
Tax on profit	9	1,300,610	1,626,981
PROFIT FOR THE FINANCIAL YEAR		<u>5,578,705</u>	<u>6,605,509</u>

The notes form part of these financial statements

Relonchem Limited

Other Comprehensive Income
for the Year Ended 31 March 2022

	Notes	2022 £	2021 £
PROFIT FOR THE YEAR		5,578,705	6,605,509
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>5,578,705</u>	<u>6,605,509</u>

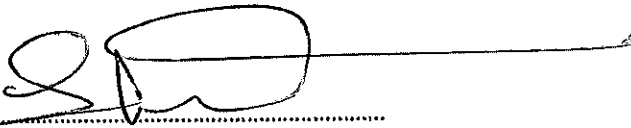
The notes form part of these financial statements

Relonchem Limited (Registered number: 04773758)

Balance Sheet
31 March 2022

	Notes	2022 £	2021 £
FIXED ASSETS			
Intangible assets	12	3,065,469	3,326,149
Tangible assets	13	<u>166,759</u>	<u>217,147</u>
		3,232,228	3,543,296
CURRENT ASSETS			
Stocks	14	5,714,092	5,084,520
Debtors	15	16,150,096	12,964,963
Cash in hand		<u>7,170,448</u>	<u>5,128,684</u>
		29,034,636	23,178,167
CREDITORS			
Amounts falling due within one year	16	<u>5,049,747</u>	<u>4,483,051</u>
NET CURRENT ASSETS		<u>23,984,889</u>	<u>18,695,116</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>27,217,117</u>	<u>22,238,412</u>
CAPITAL AND RESERVES			
Called up share capital	17	2,300	2,300
Share premium	18	6,909,121	6,909,121
Retained earnings	18	<u>20,305,696</u>	<u>15,326,991</u>
SHAREHOLDERS' FUNDS		<u>27,217,117</u>	<u>22,238,412</u>

The financial statements were approved by the Board of Directors and authorised for issue on 16 May 2022 and were signed on its behalf by:


Director : Mr. Sathish Kumar

The notes form part of these financial statements

Relonchem Limited

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

	Called up share capital £	Retained earnings £	Share premium £	Total equity £
Balance at 1 April 2020	2,300	9,221,482	6,909,121	16,132,903
Changes in equity				
Dividends	-	(500,000)	-	(500,000)
Total comprehensive income	-	<u>6,605,509</u>	-	<u>6,605,509</u>
Balance at 31 March 2021	<u>2,300</u>	<u>15,326,991</u>	<u>6,909,121</u>	<u>22,238,412</u>
Changes in equity				
Dividends	-	(600,000)	-	(600,000)
Total comprehensive income	-	<u>5,578,705</u>	-	<u>5,578,705</u>
Balance at 31 March 2022	<u>2,300</u>	<u>20,305,696</u>	<u>6,909,121</u>	<u>27,217,117</u>

The notes form part of these financial statements

1. STATUTORY INFORMATION

Relonchem Limited is a company limited by shares incorporated in England and Wales. The register office is Cheshire House, Gorsey Lane, Widnes, Cheshire, England WA8 0RP.

2. ACCOUNTING POLICIES

Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standards applicable in UK and Republic of Ireland" (FRS 102) and the requirement of Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded in nearest pound.

The financial statements have been prepared on the historical cost convention. The principle accounting policies adopted are set out below.

Cash flow exemption

The company, being member of the group wherein the parent company prepares consolidated financial statements which are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with Financial Reporting Standard 102.

Related party exemption

The company has taken the advantage of exemption, under the terms of Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland, not to disclose related party transactions with wholly owned subsidiaries within the group.

Going concern

At the time of approving the financial statement, the directors have a reasonable explanation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, the directors continue to adopt the going concern basis of accounting in preparing financial statements.

Turnover

Turnover comprise revenue recognized by company in respect of goods supplied during the year, exclusive of Value Added Taxes and trade discount based on the date they are dispatched.

Revenue from sale of goods to be recognized when significant risk and reward of ownerships of goods have passed to the buyer (usually on dispatch of goods), the amount of revenue can be measured reliably, it is probable that the economic benefit associated with the transactions will flow to the entity and the cost incurred or to be incurred in respect of transactions can be measured reliably.

Intangible fixed assets other than goodwill

Intangible assets acquired separately from business are recognized at cost and are subsequently measured at cost less accumulated impairment losses. Intangible assets acquired in business combinations are recognized separately from goodwill at acquisition date if the fair value can be measured reliably.

Amortization is recognized so as to write off the cost or valuation of the assets less their residual values over their useful lives on the following basis;

Product licenses 5 to 20 years Straight Line Method

Intangible work in progress

Capital work in progress represents costs incurred for which the marketing authorisation is yet to be obtained. Once the marketing authorisation is obtained, the accumulated cost is transferred to intangible assets. In circumstances where marketing authorisations are not granted or the applications are withdrawn, the accumulated costs are charged to the profit and loss account.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognized so as to write off the cost or valuation of asset less their residual values over their useful lives on the following basis;

Fixtures, Fittings and Equipment 20% Straight Line Method

The gain or loss arising on the disposal of a fixed assets is determined as the difference between the sale proceed and carrying value of the asset, and is credited and charged to profit or loss.

Impairment of Fixed Assets

at each reporting end date, the company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of assets is estimated in order to determine the extent of impairment loss (if any). Whether it is not possible to estimate recoverable amount of an individual asset, the company estimate the recoverable amount of cash generating unit to which the asset belongs.

Recoverable amount is higher of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discontinued at their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or Loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as revaluation decreases.

Stocks

Stocks are stated at lower of cost and estimated selling price less costs to complete sell. Cost comprises direct materials and, where applicable, direct labour costs those overheads that have been incurred in bringing the stock to their present location and condition.

stocks held for distribution at no or nominal consideration are measured at cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of carrying amount of stocks over its estimated selling price less cost to complete and sell is recognized as an impairment loss in profit or loss. Reversals of impairment losses are also recognized in profit or loss.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. **ACCOUNTING POLICIES - continued**

Classification of Financial Liabilities

Financial liabilities and equity instruments are classified according to the substances of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic Financial Liabilities

Basic financial liabilities include trade and other payables, bank loan, loan from fellow group companies and preference shares that are classified as debt, are initially recognized at transaction price unless the arrangement constitutes a financial transaction, where the debt instrument is measured at the present value of future payments discounted at a market rate of interest. Debt instruments are subsequently carried at cost, using effective interest rate method.

Financial instruments

The company elected to apply the provisions of section 11 "Basic Financial Instruments" and section 12 "other Financial Instruments Issues" of FRS 102 to all of its financial instruments.

Financial instruments are recognized in company's statement of financial position when the company became party to the contractual provisions of the instruments.

Financial assets and liabilities are offset, with the net amount presented in the financial statements. When there is a legally enforceable right to set off the recognized amount and there is an intention to settle on a net basis or to realize the net asset and settle the liability simultaneously.

Basic Financial Assets

Basic financial assets which include trade and other receivables, cash and bank balances, are initially measured at transaction price including transaction cost and are subsequently carried at amortized cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at present value of the future receipts discounted at a market rate of interest.

Trade debtor, loans and other receivables that have fixed or determinable payments that are not quoted in active market are classified as "Loans and receivables" loans and receivables are measured at amortized cost using the effective interest method, less any impairment.

Impairment of Financial Assets

Financial Assets other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date. Financial Assets are impaired where there is objective evidence that, as a result of one or more events that accrued after the initial recognition of the financial assets, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognized in profit or loss.

If there is a decrease in impairment loss arising from an event occurring after the impairment was recognized, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what carrying amount would have been, had the impairment not previously been recognized. The impairment reversal is recognized in profit or loss.

Derecognition of Financial Asset

Financial assets are derecognized only when contractual right to the cash flow from the asset expire or are settled, or when the company transfer the financial asset and substantially all the risk and reward of ownership to another entity, or if some of significant risk and rewards of ownerships are retained but control of asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Trade payables are obligation to pay for goods and services that have been acquired in ordinary course of business from suppliers. Accounts payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at transaction price and subsequently measured at amortized cost using effective interest rate method.

2. ACCOUNTING POLICIES - continued

Financial liabilities and equity instruments are classified according to the substance to the contractual arrangement entered into. An equity instrument is a contract that evidences a residual interest in the asset of the company after deducting all of its liabilities.

Derecognition of Financial Liability

Financial liabilities are derecognized when the company's contractual obligation expire or are discharged or cancelled.

Equity instruments

Equity instruments issued by company are recorded at the proceeds received, net of direct issue cost. dividend payable on equity instrument are recognized as liability once they are no longer at the discretion of company.

Employee benefits

The cost of short term employee benefits is recognized as a liability and an expense, unless those cost are required to be recognized as part of the cost of stock or fixed asset. Termination benefit are recognized immediately as an expense when company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Retirement Benefits

Payment to defined contribution retirement benefit schemes are charged as an expense as the fall due.

Leases

Rentals payables under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefit from the leased assets are consumed.

Foreign Exchange

Transactions in currencies other than pounds sterling are recorded at the rate of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains or losses arising on translation are included in the profit and loss account for the period.

Judgement and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimated and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experiences 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. Revision to accounting estimates are recognized in the period in which the estimates is revised where the revision effects only that period, or in the period of revision and future periods where the revision affects both current and future periods.

Critical Judgements

The following judgements (apart from those involving estimates) had the most significant effect on amount recognized in the financial statements.

Amortization of Product Licenses

The annual amortization charge for intangible assets is sensitive to changes in the estimated lives and residual values of assets. The useful economic lives and residual values are reviewed annually. These reviews require an estimation of how long each license is expected to be used based on expected sales of those licensed products. See note 9 for the carrying amount of the intangible assets and note 1 on Accounting Policies for the useful economic lives for each class of assets.

2. ACCOUNTING POLICIES - continued

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

3. TURNOVER

An analysis of the company's turnover is as follows:

	2022 £	2021 £
Turnover		
Sale of goods	<u>29,079,189</u>	<u>25,483,804</u>

The analysis of turnover by geographical markets has been omitted as the directors consider that this would be prejudicial to the interest of the company's trade.

4. OTHER OPERATING INCOME

	2022 £	2021 £
Other operating income	<u>703</u>	<u>21,567</u>

5. EMPLOYEES AND DIRECTORS

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

	2022 Number	2021 Number
	<u>14</u>	<u>15</u>
Their aggregate remuneration comprised of:		
Wages and salaries	884,633	1,035,310
Social security costs	192,064	107,089
Other pension costs	<u>59,344</u>	<u>57,624</u>
	<u>1,136,041</u>	<u>1,200,023</u>

Relonchem Limited

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

Director's Remuneration	2022	2021
	£	£
Remuneration for qualifying services	<u>734,131</u>	<u>1,152,859</u>

Directors remuneration amounting to £427,126 (2021: £791,727) is recharged to Bell, Sons Co. (Druggists) Limited

6. OPERATING PROFIT

The operating profit is stated after charging/ (crediting):

	2022	2021
	£	£
Operating lease rents	22,661	26,837
Depreciation of owned tangible fixed assets	79,425	56,682
Amortisation of Intangible assets	230,169	212,169
Impairment of intangible assets	109,511	440,820
Cost of stock recognised as expenses	<u>20,301,939</u>	<u>13,179,270</u>

7. AUDITORS' REMUNERATION

Fees payable to the company's auditor and its associates:

	2022	2021
	£	£
For audit services		
Audit of the company's financial statements	8,000	8,000
For other services	<u>1,000</u>	<u>1,000</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£	£
Bank interest on loans and overdraft	<u>2,801</u>	<u>20,205</u>
	<u>2,801</u>	<u>20,205</u>

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

9. TAXATION

	2022 £	2021 £
Current tax		
UK corporation tax on profit	1,299,139	1,626,981
Short provision of prior year	<u>1,471</u>	<u>-</u>
UK corporation tax on profits for the current period	<u>1,300,610</u>	<u>1,626,981</u>

The charge for the year can be reconciled to the profit as per the profit and Loss account as follows:

	2022 £	2021 £
Profit before Taxation on continued operations	6,879,315	8,232,490
Profit on ordinary activities before taxation multiplied by standard Rate of corporation tax of 19% (2021-19%)	1,307,070	1,564,173
Tax effect of expenses that are not deductible in determining taxable profit	27,326	84,327
Tax effect of income that are not deductible in determining taxable profit	-	(588)
Research & Development Relief	(13,015)	-
Group relief	(1,252)	-
Capital allowances for period in excess of depreciation	<u>(20,990)</u>	<u>(20,931)</u>
	(7,931)	62,808
Tax expense for the year	<u>1,299,139</u>	<u>1,626,981</u>

10. DIVIDENDS

	2022 £	2021 £
Ordinary share capital of £1 each	<u>600,000</u>	<u>500,000</u>

11. OPERATING LEASES COMMITMENTS

At 31 March 2022 the company had annual commitments under non-cancellable operating leases as follows:

	2022 £	2021 £
Expiry Date:		
Within one year	296,516	289,852
Between two and five year	1,482,578	1,443,040
After five year	<u>432,912</u>	<u>721,520</u>
	<u>2,212,005</u>	<u>2,454,412</u>

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

12. INTANGIBLE FIXED ASSETS

	Capital work in progress £	Development costs £	Totals £
COST			
At 1 April 2021	112,027	5,875,891	5,987,918
Additions	<u>79,000</u>	<u>-</u>	<u>79,000</u>
At 31 March 2022	<u>191,027</u>	<u>5,875,891</u>	<u>6,066,918</u>
AMORTISATION			
At 1 April 2021	-	2,661,769	2,661,769
Amortisation for year	-	230,169	230,169
Impairments	<u>-</u>	<u>109,511</u>	<u>109,511</u>
At 31 March 2022	<u>-</u>	<u>3,001,449</u>	<u>3,001,449</u>
NET BOOK VALUE			
At 31 March 2022	<u>191,027</u>	<u>2,874,442</u>	<u>3,065,469</u>
At 31 March 2021	<u>112,027</u>	<u>3,214,122</u>	<u>3,326,149</u>

13. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
COST	
At 1 April 2021	373,127
Additions	<u>29,037</u>
At 31 March 2022	<u>402,164</u>
DEPRECIATION	
At 1 April 2021	155,980
Charge for year	<u>79,425</u>
At 31 March 2022	<u>235,405</u>
NET BOOK VALUE	
At 31 March 2022	<u>166,759</u>
At 31 March 2021	<u>217,147</u>

14. STOCKS

	2022 £	2021 £
Finished goods and goods for resale	<u>5,714,092</u>	<u>5,084,520</u>

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

During the year (£42,254) (2021: (£1,049,676)) was recognized as an expense in Profit and Loss account in respect of the write down of inventory to net realizable value.

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

	2022	2021
	£	£
Trade debtors	6,440,979	5,862,459
Amounts owed by group undertakings	9,538,091	6,951,886
Other debtors	40,000	40,000
Prepayments and accrued income	131,026	110,618
	<u>16,150,096</u>	<u>12,964,963</u>

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

	2022	2021
	£	£
Trade creditors	1,459,583	616,472
Loans and overdrafts	-	99,355
Dividend payable	600,000	500,000
Corporation tax payable	683,345	1,013,825
Social security and other taxes	38,356	35,454
Other creditors	732,673	726,365
Accruals and deferred income	1,535,790	1,491,580
	<u>5,049,747</u>	<u>4,483,051</u>

17. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2022	2021
Number:	Class:	Nominal value:	£	£
2,300	Ordinary share capital	£1	<u>2,300</u>	<u>2,300</u>

18. **RESERVES**

	Retained earnings £	Share premium £	Totals £
At 1 April 2021	15,326,991	6,909,121	22,236,112
Profit for the year	5,578,705	-	5,578,705
Dividends	(600,000)	-	(600,000)
At 31 March 2022	<u>20,305,696</u>	<u>6,909,121</u>	<u>27,214,817</u>

19. PENSION COMMITMENTS

Defined contribution schemes

The company operated a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £59,344 (2021-£ 57,624)

20. CAPITAL COMMITMENTS

	2022 £	2021 £
Contracted but not provided for in the financial statements	<u>29,875</u>	<u>14,875</u>

21. CONTROLLING PARTY

The immediate parent undertaking is Marksans Pharma U.K Limited. The parent undertaking of the smallest group for which consolidated accounts are prepared is Marksans Pharma U.K. Limited. Consolidated accounts are available from Companies House, Cardiff, CF 14 3 UZ.

The Parents undertaking of the largest group for which consolidated accounts are prepared is Marksans Pharma Limited, a company incorporated in India. Consolidated accounts are available from the Registrar of Companies, Everest 100, Marine Drive, Mumbai- 400 002, Maharashtra.

In the opinion of the directors, Marksans Pharma Limited is the company's Ultimate parent Company and ultimate controlling party.

22. LOANS

An analysis of the maturity of loans is given below:

	2022 £	2021 £
Amounts falling due within one year or on demand:		
Bank overdraft	<u>-</u>	<u>99,355</u>

The company's overdraft facility is secured on an all asset debenture charge creating a first charge over all freehold property and other assets within the company together with a corporate together with a corporate guarantee from the ultimate parent company, Marksans Pharma Limited for the whole credit facility.

23. PREVIOUS YEAR FIGURES

Previous year figures have been rearranged/ regrouped/ reclassified wherever considered necessary to facilitate comparison with the current year figures.

Relonchem Limited

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

	2022	2021
	£	£
Sales	29,079,189	25,483,804
Cost of sales		
Purchases	17,701,666	13,179,270
Pharmaceuticals license fees	290,620	246,522
Laboratory testing	414,606	231,251
Storage	606,939	455,307
Carriage Inwards and import duty	488,925	329,038
Regulatory & Vigilance Fees	671,076	477,709
	<u>20,173,832</u>	<u>14,919,097</u>
GROSS PROFIT	8,905,357	10,564,707
Other income		
Other operating income	<u>703</u>	<u>21,567</u>
	8,906,060	10,586,274
Expenditure		
Rent	22,661	26,837
Insurance	104,093	97,928
Wages	691,361	738,369
Social security	192,064	107,089
Pensions	59,344	57,624
Telephone	14,600	10,226
Printing & Stationery	6,536	5,005
Post and Courier	6,123	2,491
Travelling	11,362	437
Motor running expenses	2,073	3,560
Repairs and renewals	3,989	2,761
Recruitment expense	22,700	13,755
Waste Disposal Expenses	(2,106)	44,996
Management recharge- Directors remuneration	(427,126)	(791,727)
Sundry expenses	10,337	4,502
Conference cost	-	4,000
Bank charges	17,838	5,035
Subscriptions	3,174	2,712
Accountancy fees	6,865	3,913
Directors' remuneration	620,398	1,088,668
Legal fees	134,699	120,757
Auditors remuneration	8,000	8,000
Amortisation of intangible fixed assets	230,169	212,169
Depreciation of tangible fixed assets	79,425	56,682
Profit/loss on sale of tangible fixed assets	-	440,820
Impairment losses for intangible fixed assets	109,511	-
Computer software expense	11,542	7,515
Entertainment & advertising	34,312	9,455

This page does not form part of the statutory financial statements

Relonchem Limited

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

	2022		2021	
	£	£	£	£
Consultancy fees	<u>50,000</u>		<u>50,000</u>	
		<u>2,023,944</u>		<u>2,333,579</u>
		6,882,116		8,252,695
Finance costs				
Bank interest on loans and overdraft		<u>2,801</u>		<u>20,205</u>
NET PROFIT		<u><u>6,879,315</u></u>		<u><u>8,232,490</u></u>

This page does not form part of the statutory financial statements



MARKSANS PHARMA INC.

CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022





MARKSANS PHARMA INC.

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

CONTENTS

	PAGE
Independent Auditor's Report	1
Consolidated Balance Sheets	4
Consolidated Statements of Income	5
Consolidated Statements of Stockholders' Equity	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Marksans Pharma Inc.

Opinion

We have audited the accompanying consolidated financial statements of Marksans Pharma Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheet as of March 31, 2022, and the related consolidated statements of income, stockholders' equity, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the 2022 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adjustments to Prior Period Consolidated Financial Statements

The consolidated financial statements of the Company as of March 31, 2021, were audited by other auditors whose report dated May 25, 2021 expressed an unmodified opinion on those statements. As discussed in Note 13, the Company has restated its 2021 consolidated financial statements during the current year to record deferred tax liabilities in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2021 consolidated financial statements before the restatement.

As part of our audit of the 2022 consolidated financial statements, we audited adjustments described in Note 13 that were applied to restate the 2021 consolidated financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the



2021 consolidated financial statements of the Company other than with respect to the adjustment and accordingly, we do not express an opinion or any other form of assurance on the 2021 consolidated financial statements as a whole.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.

- 
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
 - Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CalibreCPAGroup, PLLC

Bethesda, MD
May 23, 2022

MARKSANS PHARMA INC.

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2022 AND 2021

	2022	Restated 2021
Assets		
Current assets		
Cash and cash equivalents	\$ -	\$ 547,506
Accounts receivable, net	22,291,822	15,745,861
Inventory	15,411,936	14,688,968
Prepaid inventory	6,314,884	3,450,967
Prepaid expenses	622,643	384,410
Deferred tax assets, short-term	470,834	-
Other current assets	301,110	391,541
Total current assets	45,413,229	35,209,253
Property and equipment, net	15,804,486	14,665,441
Intangibles	2,275,000	2,275,000
Goodwill, net	928,551	1,199,655
Other long-term assets	-	397,220
Total assets	\$ 64,421,266	\$ 53,746,569
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	\$ 27,624,097	\$ 12,513,082
Accrued liabilities	592,353	642,169
Line of credit	4,621,567	2,342,508
Checks written in excess of cash balance	198,517	-
Short-term debt	57,065	7,030,584
Due to stockholder	1,043,000	2,393,000
Total current liabilities	34,136,599	24,921,343
Noncurrent liabilities		
Deferred tax liabilities, long-term	1,363,699	1,126,635
Long-term debt	100,757	107,619
Total liabilities	35,601,055	26,155,597
Stockholders' equity		
Common stock, \$.01 par value, 200 shares authorized and 100 issued	1	1
Additional paid-in capital	26,381,742	26,381,742
Retained earnings	2,438,468	1,209,229
Total stockholders' equity	28,820,211	27,590,972
Total liabilities and stockholders' equity	\$ 64,421,266	\$ 53,746,569

See accompanying notes to consolidated financial statements.

MARKSANS PHARMA INC.

CONSOLIDATED STATEMENTS OF INCOME

YEARS ENDED MARCH 31, 2022 AND 2021

	2022	Restated 2021
Revenue		
Goods and services	\$ 89,663,633	\$ 77,530,344
Sales return and allowances	(5,272,007)	(6,513,564)
Miscellaneous income	926,178	-
Net revenue	85,317,804	71,016,780
Cost of goods sold		
Purchases	57,768,408	45,972,585
Direct wages	6,403,151	4,824,459
Payroll taxes	704,895	463,924
Other direct costs	5,401,886	5,190,546
Allocated overhead	2,964,445	2,139,528
Costs of good sold	73,242,785	58,591,042
Gross profit	12,075,019	12,425,738
Operating expenses		
Utilities	981,049	778,917
Travel expenses	129,663	67,781
Salaries and wages	3,479,740	2,766,649
Repairs and maintenance	70,068	94,188
Rental	245,123	106,424
Property taxes	190,366	178,859
Professional fees	574,872	379,552
Other operating expenses	56,916	42,101
Office expenses	83,970	64,054
Miscellaneous expenses	249,339	(650,760)
Memberships and licenses	284,846	352,377

See accompanying notes to consolidated financial statements.

MARKSANS PHARMA INC.

CONSOLIDATED STATEMENTS OF INCOME (CONTINUED)

YEARS ENDED MARCH 31, 2022 AND 2021

	2022	Restated 2021
Operating expenses (continued)		
Interest and bank charges	\$ 185,371	\$ 262,000
Insurance	755,211	1,140,063
Employee benefits	-	1,038
Depreciation of tangible assets	890,894	768,006
Amortization of intangible assets	271,104	271,464
Computer-related expenses	284,439	144,383
Commissions	1,318,412	939,403
Bad debt expense	218,912	1,815,351
Advertising and promotion	138,190	51,507
Payroll taxes	190,624	146,909
Total operating expenses	10,599,109	9,720,266
Income from operations	1,475,910	2,705,472
Nonoperating income and expenses		
Interest income	-	107
Income before income taxes	1,475,910	2,705,579
Income taxes		
Prior period income taxes	-	1,046,982
Current income taxes	246,671	50,260
Total income taxes	246,671	1,097,242
Net income	<u>\$ 1,229,239</u>	<u>\$ 1,608,337</u>

See accompanying notes to consolidated financial statements.



MARKSANS PHARMA INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

MARCH 31, 2022 AND 2021

	Common Stock	Paid-in Capital	Retained Earnings
Balance, March 31, 2020	\$ 1	\$ 26,381,742	\$ (399,108)
Net income	-	-	1,608,337
Balance, March 31, 2021 (restated)	1	26,381,742	1,209,229
Net income	-	-	1,229,239
Balance, March 31, 2022	<u>\$ 1</u>	<u>\$ 26,381,742</u>	<u>\$ 2,438,468</u>

MARKSANS PHARMA INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED MARCH 31, 2022 AND 2021

	2022	Restated 2021
Cash flows from operating activities		
Net income	\$ 1,229,239	\$ 1,608,337
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	1,161,998	1,039,470
Provisions for losses on accounts receivable	358,642	-
Changes in assets and liabilities		
Inventory	(722,968)	(6,138,464)
Prepaid inventory	(2,863,917)	(249,241)
Prepaid expenses	(238,233)	(95,784)
Deferred taxes	163,450	1,216,435
Other current assets	90,431	228,422
Receivables	(6,904,603)	(1,971,845)
Accounts payable	15,111,015	(2,128,346)
Short-term debt	(6,973,519)	-
Accrued expenses	(49,816)	7,205,021
Net cash provided by operating activities	<u>361,719</u>	<u>714,005</u>
Cash flows from financing activities		
Payments to acquire property and equipment	(2,029,939)	(1,549,017)
Line of credit	2,279,059	407,517
Payments on notes payable	(1,350,000)	-
Long-term debt	(6,862)	138,203
Net cash used for financing activities	<u>(1,107,742)</u>	<u>(1,003,297)</u>
Net change in cash and cash equivalents	(746,023)	(289,292)
Cash and cash equivalents		
Beginning of year	<u>547,506</u>	<u>836,798</u>
End of year	<u>\$ (198,517)</u>	<u>\$ 547,506</u>
Supplemental Information		
Taxes paid	<u>\$ 14,361</u>	<u>\$ 27,235</u>
Interest paid	<u>\$ 103,831</u>	<u>\$ 78,187</u>

See accompanying notes to consolidated financial statements.



MARKSANS PHARMA INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED MARCH 31, 2022 AND 2021

NOTE 1. ORGANIZATION

Marksans Pharma Inc. (the Company), a New York corporation, is a wholly owned subsidiary of Marksans Pharma, Ltd, India (Parent). On June 22, 2015, the Company acquired the stock of Time-Cap Laboratories Inc. (Time-Cap) and its wholly owned subsidiary Custom Coating Inc. (Coatings). Simultaneously, Marksans Realty LLC (Realty), a wholly owned subsidiary of Time-Cap, was formed and acquired the real estate in which Time-Cap and Coatings have their operations. Time-Cap and Coatings are engaged primarily in the manufacture, coating, distribution and sales of pharmaceutical products in the continental United States.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting - The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), whereby revenue is recorded when earned and expenses are recorded when incurred.

Principles of Consolidation - These consolidated financial statements include the accounts of Marksans Pharma Inc. and its wholly owned subsidiaries Time-Cap, Coatings and Realty (collectively, the Company). All significant intercompany balances and transactions have been eliminated in the consolidated financial statements.

Cash and Cash Equivalents - For purposes of balance sheet presentation and reporting of cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of cash held at one financial institution.

Accounts Receivable - Accounts receivable are stated at an amount the Company expects to collect from outstanding balances. The Company's exposure to credit risk is dependent, to a large extent, on the pharmaceutical industry. The Company routinely addresses the financial strength of its customers, and as a consequence, believes that its receivable credit risk is limited.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current creditworthiness, as determined by a review of their current credit information. While credit losses have historically been within the Company's expectations, the Company cannot guarantee that the same credit loss rates will be experienced in the future. The allowance for doubtful accounts reflects management's best estimate of probable losses inherent in the accounts receivable balance.

Accounts receivable are written off when they are determined to be uncollectible. Based on management's evaluation of collectability, the allowance for doubtful accounts was \$358,642 and \$0- as of March 31, 2022 and 2021, respectively.

Inventories - The Company values its inventories at lower of cost or net realizable value. Cost is determined using the first-in, first-out method. A breakdown of the inventories into their major categories at March 31, 2022 and 2021 is:

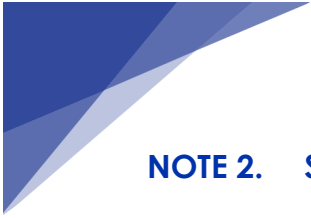
	2022	2021
Finished goods	\$ 9,416,981	\$ 10,185,015
Work in process	201,519	432,875
Raw materials	2,818,827	2,029,849
Supplies	2,974,609	2,041,229
Total inventory	<u>\$ 15,411,936</u>	<u>\$ 14,688,968</u>

Property and Equipment - Property and equipment are recorded at cost less accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method ranging from five to thirty-nine years.

Fair Value Measurements - The Company's financial instruments consist primarily of cash, accounts receivable and accounts payable. The carrying value of all financial instruments and receivables are representative of their fair value due to short-term maturity. Only customer accounts that are deemed uncollectible at the balance sheet date are set up as allowance for bad debt.

Revenue Recognition - Revenue from contracts with customers consist of product sales and other miscellaneous sales or transactions. Sales revenue is recognized in accordance with industry practice which is when all the risks and benefits of ownership of products have been transferred to customers under executed sales agreements. Revenue from sales and other transactions are generally recognized at a point in time upon the sales transaction. Revenue is recognized using the five-step approach required by Accounting Standards Codification (ASC) Topic 606, as follows:

1. Identification of the contract with a customer;
2. Identification of the performance obligations in the contract;
3. Determination of the transaction price;
4. Allocation of the transaction price to the performance obligations in the contract; and
5. Recognition of revenue when, or as, performance obligations are satisfied.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Performance Obligations and Significant Judgements

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each performance obligation identified in the arrangement based on the relative standalone selling price of each distinct good or service and recognized as revenue when, or as, the performance obligation *is satisfied*. Sales and other transactions provide the customer with a particular good or bundle of goods and are considered a single performance obligation provided at a point in time upon the sale date.

Contract Balances

The timing of cash collections and revenue recognition can result in contract assets reported in the balance sheets. Contract assets consist entirely of accounts receivable, which is recognized only to the extent that it is probable that the Company will collect substantially all of the consideration to which it is entitled to in exchange for the goods or services that will be or have been transferred. At March 31, 2022 and 2021, there were no contract assets related to contracts with customers.

Costs to Obtain a Contract

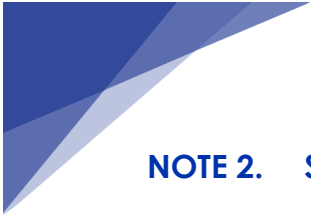
The Company has elected the practical expedient available in ASC Subtopic 340-40, in which any incremental costs of obtaining a contract are recognized as an expense when incurred if the amortization period of the asset that would have been recognized is one year or less.

Leases - The Company has operating leases for facilities expiring in 2024 and 2029. The Company will amortize the total lease cost on a straight-line basis over the minimum lease term.

Goodwill - Goodwill represents the excess of the purchase price of a business over the fair value of the identifiable net assets acquired. The Company has elected the accounting alternative to amortize goodwill on a straight-line basis over ten years and elected to test goodwill for impairment at the entity level upon occurrence of a triggering event.

Intangibles - Intangibles consist of marketing rights with an indefinite life which are not being amortized but will be evaluated for impairment on an annual basis or at other times during the year if events and circumstances indicate that it is more likely than not that the fair value of the marketing rights is below the carrying value.

Impairment of Long-Lived Assets - The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Long-lived assets held for use are subject to an impairment assessment if the carrying value is no longer recoverable based upon the undiscounted cash flows of the assets. The amount of the impairment is the difference between the carrying amount and the fair value of the asset. The Company does not believe any of its long-lived assets were impaired at March 31, 2022.



NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Expense - Advertising costs, included in selling expenses, are expensed as incurred.

Use of Estimates - The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affected the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant accounting estimates made by the Company relates to allowances for doubtful accounts, impairment of long-lived assets and useful lives of intangibles. Actual results could differ from those estimates.

Recent Accounting Pronouncements - The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842): *Accounting for Leases* (ASU 2016-02), which supersedes existing guidance on accounting for leases in Topic 840 and generally requires all leases, including operating leases, to be recognized in the balance sheet as right-of-use assets and lease liabilities by lessees. For private business entities, the amendments in this AU are effective for consolidated financial statements issued for annual periods beginning after December 15, 2021, and interim periods within those annual periods. The Company is evaluating the effects that adoption for this ASU will have on its consolidated financial statements.

Reclassification of Prior Year Presentation - Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported net income except for the restatement discussed in Note 13.

NOTE 3. INCOME TAXES

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the consolidated financial statements. Under this method, deferred tax assets and liabilities are determined based on the differences between the consolidated financial statements and tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company records net deferred tax assets to the extent it believes these assets will more likely than not be realized. In making such determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax planning strategies, and recent financial operations. In the event the Company were to determine that it would be able to realize its deferred income tax assets in the future in excess of its net recorded amount, the Company would make an adjustment to the valuation allowance which would reduce the provision for income taxes.

NOTE 3. INCOME TAXES (CONTINUED)

The Company accounts for tax benefits from an uncertain tax position taken or expected to be taken only if it is “more likely than not” that the position is sustainable upon tax authority examination, based on its technical merits. The tax benefit of a qualifying position under this guidance would equal the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement with a taxing authority having full knowledge of all the relevant information. A liability is established in the consolidated financial statements to the extent a current benefit has been recognized on a tax return for matters that are considered contingent upon the outcome of an uncertain tax position. In the opinion of management, the Company has no uncertain tax positions. The Company's policy is to recognize interest and penalties on recognized tax benefits in income tax expense, if any, in the consolidated income statements.

NOTE 4. DEFERRED TAXES

Significant components of the Company's deferred tax assets and liabilities at March 31, 2022 are as follows:

	<u>Amount</u>
Deferred tax assets (liabilities)	
Net operating loss carryovers	\$ 99,201
Goodwill and other intangibles	(97,130)
Property, equipment, and capital leases	(1,266,569)
Accruals and reserves not currently deductible	66,070
Capitalized inventory costs	209,707
Allowance for bad debt	<u>95,856</u>
Net deferred tax assets (liabilities)	<u>\$ (892,865)</u>

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at March 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 62,080	\$ 62,080
Building and improvements	11,003,585	10,569,804
Machinery and equipment	8,184,455	6,588,297
Furniture and fixtures	63,635	63,635
Vehicles	<u>94,546</u>	<u>94,546</u>
	19,408,301	17,378,362
Accumulated depreciation	<u>(3,603,815)</u>	<u>(2,712,921)</u>
Total property, plant, and equipment, net	<u>\$ 15,804,486</u>	<u>\$ 14,665,441</u>

Depreciation expense for the years ended March 31, 2022 and 2021 was \$890,894 and \$768,006, respectively.

NOTE 6. GOODWILL AND INTANGIBLES

Goodwill and intangibles consist of the following at March 31, 2022:

	Goodwill	Intangibles
Balance - March 31, 2021	\$ 4,517,141	\$ 2,275,000
Accumulated amortization and adjustment	(3,588,590)	-
Balance - March 31, 2022	<u>\$ 928,551</u>	<u>\$ 2,275,000</u>

As of March 31, 2019, the Company had received a settlement agreement with the original sellers, whereby, the Company received cash of \$4,000,182 towards the original purchase price and hence the original Goodwill was adjusted by the same amount as of March 31, 2019. This amount totaled \$4,517,141 and is being amortized over 10 years. Amortization expense for the years ended March 31, 2022 and 2021 were \$271,104 and \$271,464, respectively.

The Company acquired transferable marketing rights of various patent products from a third party for an aggregate amount of \$1,925,000. On July 31, 2018, the Company purchased an intangible asset in the amount of \$350,000 as an Abbreviated New Drug Application (ANDA) and laboratories. Management has determined that as of March 31, 2022 and 2021, respectively, the intangibles were not impaired.

NOTE 7. DEBT

As of March 31, 2022, the Company has an outstanding balance on a line of credit of \$4,621,567 with the Bank of Baroda in India. The total line of credit available through this agreement is \$7,000,000. The interest rate is the 3 Months LIBOR rate + 250 basis points, which equated to 2.758% as of March 31, 2022. The loan is secured by the land and building located at 7 Michael Avenue in Farmingdale, New York, as well as by all property and equipment owned by Marksans Pharma Inc. and its subsidiaries Time Cap Laboratories Inc. and Marksans Realty LLC and Custom Coating Inc.

NOTE 8. CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Company to concentration of credit risk, consist principally of cash and cash equivalents and trade accounts receivable.

Concentrations of credit risk with respect to trade receivables are limited due to the diverse group of customers to whom the Company sells. The Company reviews a customer's credit history before extending credit, and will establish an allowance for possible losses, if necessary, based upon factors such as the credit risk of specific customers, historical trends and other information.

Major Customers - As of March 31, 2022 and 2021, five customers accounted for approximately 64.3% and 53.5%, respectively, of total accounts receivable. Revenues from these customers were approximately 58.5% and 54%, respectively, of total revenues.

NOTE 9. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Company's revenue based on the timing of satisfaction of performance obligations for the years ended March 31, 2022 and 2021.

	2022	2021
Performance obligations satisfied at a point in time		
Goods and services	\$ 89,663,633	\$ 77,530,344
Other revenue *		
Sales return and allowances	(5,272,007)	(6,513,564)
Miscellaneous income	926,178	-
Balance - March 31, 2022	<u>\$ 85,317,804</u>	<u>\$ 71,016,780</u>

*Due to the nature of these revenue streams, these items are excluded from required disaggregation under ASC Topic 606. They are included here to provide a reconciliation to total revenue reported in the consolidated statements of income.

The nature of the Company's operations does not typically give rise to variable consideration. When variable consideration arises, estimated amounts are included in the transaction price to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is resolved. Estimates of variable consideration are estimated based upon historical experience with customers and comparable projects as well as known trends within the Company and its industry.

Contract Balances

All of the Company's contract assets are considered accounts receivable and are included within the trade accounts receivable balance in the consolidated balance sheets. The Company has no contract liabilities. Balances in these accounts as of the beginning and end of the years ended March 31, 2022 and 2021 are as follows.

	2022	2021	2020
Accounts receivable, net	<u>\$ 22,291,822</u>	<u>\$ 15,745,861</u>	<u>\$ 13,774,016</u>

NOTE 10. LEASE COMMITMENTS

The Company leases office space located in Hauppauge, New York, under a non-cancelable operating lease which expired in November 2017 and automatically renews on an annual basis unless a 3-month written notice is provided. The Company is responsible for certain utilities and monthly maintenance under the lease. Rent expense was approximately \$12,473 and \$12,063, respectively, for the years ended March 31, 2022 and 2021, respectively.

NOTE 10. LEASE COMMITMENTS (CONTINUED)

The Company entered into a non-cancelable operating lease in March 2017 for warehouse space located in Hicksville, NY. The lease commenced upon completion of various improvements as stipulated by the lease agreement and will expire on the last day of the calendar month of the eighty-seven-month anniversary since the commencement date. The Company also entered into a ten year non-cancelable operating lease in July 2019 for warehouse space located in Melville, NY. The lease will expire on the last day of the calendar month of the one-hundred-twentieth month anniversary since the commencement date. Rent expense for the years ended March 31, 2022 and 2021 was \$1,231,521 and \$819,967, respectively.

Future minimum rental payments required under the above non-cancelable operating leases at March 31, 2022 are as follows:

<u>Years Ending March 31,</u>	
2023	\$ 1,188,107
2024	907,834
2025	857,668
2026	804,265
2027	810,164
Thereafter	<u>1,896,514</u>
Total	<u>\$ 6,464,552</u>

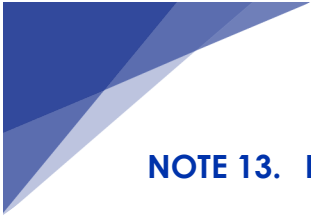
The Company entered into a cancelable sublease agreement for the Hicksville property on August 11, 2020. This agreement is for a forty-six-month period, ending on June 29, 2024.

NOTE 11. RETIREMENT PLAN

The Company has a defined contribution retirement plan covering all employees with over 60 days of continuous service. Participants are allowed to contribute up to the Federal maximum to this plan each year, which is \$20,500 for 2022 and was \$19,500 for 2021. The Company does not make any matching contributions to the plan.

NOTE 12. LITIGATION CONTINGENCIES

From time to time, the Company may be a party to litigation arising in the normal course of its business operations. In the opinion of management, it is not anticipated that the settlement or resolution of any such matters will have a material adverse impact on the Company's financial condition, liquidity, or results of operations.



NOTE 13. RESTATEMENT

Retained earnings at the beginning of 2022 have been adjusted for certain deferred tax liabilities not being accrued as required under ASC 740 of U.S. GAAP. The correction has no effect on the results of the current year's activities; however, the cumulative effect decreases beginning retained earnings for 2022 by \$1,046,982. Had the error not occurred, net income for 2021 would have been decreased by \$1,046,982. Accordingly, the Company restated its results for the year ended March 31, 2021.

NOTE 14. SIGNIFICANT UNCERTAINTIES

In January 2020, the World Health Organization (WHO), announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as pandemic, based on the rapid increase in exposure globally.

The years 2022 and 2021 have been challenging due to COVID-19 with disruption to the supply chains from India and China being impacted. The demand for cough and cold products dropped significantly due to the lockdown impacting sales and production. Increased demand for number of prescription and OTC products due to COVID-19 more than offset the shortfall and resulted in overall higher turnover. Overall business at the Company has not been negatively impacted by COVID-19. The full impact of COVID-19 outbreak continues to evolve as of the date of this report.

NOTE 15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 23, 2022, which is the date the consolidated financial statements were available to be issued. This review and evaluation revealed no material event or transaction which would require an adjustment to or disclosure in the accompanying consolidated financial statements.

NOVA PHARMACEUTICALS
AUSTRALASIA PTY LTD
A.C.N 104 838 440

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST MARCH, 2022**

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD

ACN 104 838 440

CONTENTS

Directors' Report

Directors' Declaration

Independent Accountant's Report

**Statement of Financial Position
as at 31st March 2022**

**Statement of Comprehensive Income
for the year ended 31st March 2022**

**Statement of Profit or Loss
for the year ended 31st March 2022**

**Trading Account
for the year ended 31st March 2022**

**Notes to and forming part of the Financial Statements
for the year ended 31st March 2022**

**Statement of Cashflows
for the year ended 31st March 2022**

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD .

ACN 104 838 440

DIRECTORS' REPORT

The Directors present their report on the Company for the financial year ended 31st March 2022 as follows:-

1. DIRECTORS

The names of the Directors in office since the start of the financial year to the date of this report, unless otherwise stated, are:

H Mohammed

O Mohammed

M Saldanha

J M P Sharma

2. PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year was that of Medicines Wholesaling. No significant change in the nature of these activities occurred during the year.

3. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

No significant changes in the company's state of affairs occurred during the year.

4. REVIEW OF OPERATIONS

During the year ended 31st March 2022 the company earned a profit after tax of \$1,019,088.

5. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or state of affairs of the company in future financial years.

6. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the company and the expected results of those operations in the future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

7. ENVIRONMENTAL REGULATION

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

8. DIVIDENDS

No dividends were paid during the year, and the Directors have decided that no final dividend be declared for the year ended 31st March 2022.

9. OPTIONS

No options over issued shares or interests in the company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

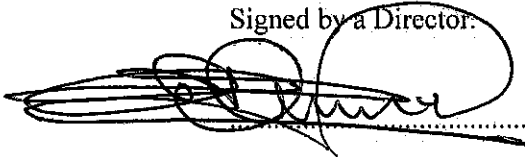
10. INDEMNIFICATION OF OFFICERS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

11. PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Signed by a Director:



..... Director

Dated at Bella Vista this 26th day of April 2022.

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD

ACN 104 838 440

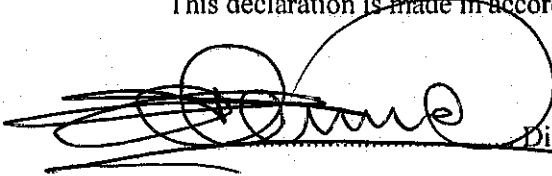
DIRECTORS' DECLARATION

The directors have determined that the company is not a reporting entity. The directors have determined that this special purposes financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes present fairly the company's financial position as at 31st March 2022 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors:



Director

Dated at Bella Vista this 26th day of April 2022.

INDEPENDENT ACCOUNTANT'S REPORT TO

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD

Scope

I have prepared the accompanying special purpose financial statements of NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD, which comprise the statement of financial position as at 31st March 2022, the statement of comprehensive income, the statement of profit or loss, the trading account, the notes to the financial statements, and the statement of cashflows for the year then ended.

The specific purpose for which the special purpose financial statements have been prepared is set out in Note 1.

The Responsibility of the Directors of NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD

The directors of NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD are solely responsible for the information contained in the special purpose financial statements and have determined that the significant accounting policies adopted as set out in Note 1 to the financial statements are appropriate to meet their needs and for the purpose that the financial statements were prepared.

My Responsibility

On the basis of information provided by the directors of NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD, I have prepared the accompanying special purpose financial statements in accordance with the significant accounting policies adopted as set out in Note 1 to the financial statements.

Dated at Epping, this 26th day of April 2022

D. Dhillon
Darshan Dhillon

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD
ACN 104 838 440

STATEMENT OF FINANCIAL POSITION AS AT 31ST MARCH 2022

	NOTE	2021
CURRENT ASSETS		
Cash	2	2,530,991
Receivables	3	1,724,439
Inventories	4	3,640,561
		<u>7,973,635</u>
		<u>15,816,259</u>
NON-CURRENT ASSETS		
Investments	5	94
PROPERTY PLANT AND EQUIPMENT	6	107,955
INTELLECTUAL PROPERTY	7	893,333
		<u>1,501,382</u>
		<u>1,001,382</u>
TOTAL ASSETS		<u>17,317,641</u>
		<u>14,340,017</u>
CURRENT LIABILITIES		
Creditors & Borrowings	8	7,821,932
		<u>5,863,396</u>
TOTAL LIABILITIES		<u>7,821,932</u>
		<u>5,863,396</u>
NET ASSETS	\$	<u>9,495,709\$</u>
		<u>8,476,621</u>
SHARE CAPITAL AND RESERVES		
Share Capital		150
Reserves	9	322,888
Accumulated Profit		<u>9,172,670</u>
		<u>8,376,470</u>
TOTAL CAPITAL & RESERVES	\$	<u>9,495,708\$</u>
		<u>8,476,620</u>

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD
ACN 104 838 440

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2022

	NOTE	2021
Profit		
Before Income Tax	1,289,955	1,611,856
Income Tax Expense	270,867	394,450
TOTAL COMPREHENSIVE INCOME		
FOR THE YEAR	1,019,088	1,217,406
Retained Profits at July 1	8,376,470	7,259,064
PROFIT AVAILABLE FOR		
APPROPRIATION	9,395,558	8,476,470
Transfer To Reserves	222,888	100,000
RETAINED PROFITS	\$ 9,172,670\$	8,376,470

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD
ACN 104 838 440

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST MARCH 2022

	NOTE	2021
INCOME		
Gross Profit Trading	11,064,726	9,055,775
Interest Received	3,023	786
JobKeeper-Taxable	-	295,500
Cash Boost-Tax-Free	222,888	100,000
TOTAL INCOME	11,290,637	9,452,061
EXPENSES		
Accountancy	10,290	9,110
Advertising & Selling	1,695,009	1,536,260
Audit & Inspections	3,217	9,561
Bank Charges	2,085	2,042
Cleaning	6,360	9,212
Consultants Fees	756,615	426,685
Computer Supplies	17,811	5,380
Depreciation	-	60,779
Electricity	2,461	9,316
Filing Fees	2,754	2,142
Freight & Cartage	1,541,260	1,160,289
Insurance	87,148	48,241
Interest	29,005	18,058
Legal Costs	28,531	58,476
Licences & Registrations	1,029,581	493,221
Motor Vehicle Expenses	67,395	11,061
Office Expenses	14,649	17,668
Payroll Tax	84,871	68,065
Printing & Stationery	14,411	13,131
Rent	223,931	223,090
Repairs & Maintenance	19,318	23,992
Salaries	2,895,868	2,490,700
Staff Recruitment&Amenities	34,010	15,976
Storage	786,756	525,056
Superannuation	285,223	241,338
Telephone & Internet	18,009	21,709
Testing Fees	74,890	98,577
Travelling Expenses	36,335	50,724
Warehouse Expenses	232,889	190,346
TOTAL EXPENSES	10,000,682	7,840,205
OPERATING PROFIT BEFORE		
INCOME TAX	1,289,955	1,611,856
Income Tax Expense	270,867	394,450
OPERATING PROFIT FOR THE YEAR	1,019,088	1,217,406

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD
ACN 104 838 440

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31ST MARCH 2022

	NOTE	2021
OPERATING PROFIT AND EXTRAORDINARY ITEMS	1,019,088	1,217,406
Retained Profits at July 1	8,376,470	7,259,064
PROFIT AVAILABLE FOR APPROPRIATION	9,395,558	8,476,470
Transfer To Reserves		
Transfer to Cash Flow Boost Reserve	222,888	100,000
RETAINED PROFITS	\$ 9,172,670	\$ 8,376,470

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD
ACN 104 838 440

TRADING ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2022

	NOTE	2021
Sales	30,523,152	25,144,676
LESS COST OF SALES		
Opening Stock	7,973,635	2,842,835
Purchases	19,867,889	21,707,755
Foreign Exchange	306,845	(488,054)
	28,148,369	24,062,536
Closing Stock	8,689,943	7,973,635
	19,458,426	16,088,901
TOTAL TRADING PROFIT	\$ 11,064,726	\$ 9,055,775

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD
ACN 104 838 440

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2022

NOTE 1 - Statement of Significant Accounting Policies

Nova Pharmaceuticals Australasia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members and to meet the requirements of the Corporations Act 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report has been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period.

The financial statements have been prepared on an accruals basis and are based on historic costs and do not take into account changing money values. The amounts presented in the financial statements have been rounded to the nearest dollar.

The significant accounting policies that have been adopted in the preparation of the financial statements are as follows:

1) Income Tax

The income tax expense, if any, for the year comprises current income tax expense. Current income tax charged to the profit or loss is the tax payable on income calculated using applicable income tax rates applicable at the end of the reporting period.

2) Property, Plant & Equipment

All depreciable assets are depreciated in accordance with rates prescribed by the Australian Tax Office.

3) Trade and Other Receivables

Trade receivables are measured at transaction price less any provision for impairment.

4) Inventories

The inventories held at the balance sheet date are measured at lower of cost and the net realisable value.

5) Provisions

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD
ACN 104 838 440

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2022

Provisions are recognised when the company has a legal or constructive obligation, for which it is probable that an outflow of economic benefits will result. The provision is the best estimate of the amounts required to settle the obligation at the end of the reporting period.

6) Revenue

All revenue is stated net of, if any, goods and services tax. Revenue is measured at the value of the consideration received or receivable.

7) Leases

Lease payments for operating leases are recognised as expenses on a straight-line basis over the lease term.

8) Critical Accounting Estimates

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information.

The registered office and the principal place of business of the company is at Suite 305, 10 Norbrik Drive, Bella Vista, NSW, 2153.

2021

NOTE 2 - Cash

Cash in Hand	906	702
Westpac Cheque account	418,025	421,824
Westpac Business Cash Reserve	2,110,292	1,300,145
USD account	1,768	1,768
	<u>\$ 2,530,991</u>	<u>\$ 1,724,439</u>

NOTE 3 - Current

Trade Debtors	3,180,071	2,920,504
Income Tax Refund due	560,612	272,863
Prepayments	280,066	46,843
Payments-in-Advance	571,276	393,216
Deposits Refundable	3,300	7,135
	<u>\$ 4,595,325</u>	<u>\$ 3,640,561</u>

NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD
ACN 104 838 440

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2022

2021

NOTE 4 - Current

Stock	\$ 8,689,943	\$ 7,973,635
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NOTE 5 - Non Current

Shares in Nova Pharmaceuticals Ltd-Wholly owned subsidiary	\$ 94	\$ 94
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NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD
ACN 104 838 440

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2022

2021

NOTE 6 - PROPERTY PLANT AND EQUIPMENT

Office Equipment - at Cost	46,613	46,613
Less Prov'n for Depreciation	<u>46,613</u>	<u>46,613</u>
	-	-
Motor Vehicles - at Cost	309,908	309,908
Less Prov'n for Depreciation	<u>201,953</u>	<u>201,953</u>
	107,955	107,955
Warehouse Equipment-at Cost	30,000	30,000
Less Prov'n for Depreciation	<u>30,000</u>	<u>30,000</u>
	-	-
	<u>\$ 107,955</u>	<u>\$ 107,955</u>

NOTE 7 - INTELLECTUAL PROPERTY

Intellectual Property	<u>\$ 1,393,333</u>	<u>\$ 893,333</u>
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NOTE 8 - Current

Credit Cards	26,771	75,894
Trade Creditors	7,551,699	5,627,891
Accrued Expenses	<u>243,462</u>	<u>159,611</u>
	<u>\$ 7,821,932</u>	<u>\$ 5,863,396</u>

NOTE 9 - Reserves

Cash Flow Boost Reserve	<u>\$ 322,888</u>	<u>\$ 100,000</u>
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NOVA PHARMACEUTICALS AUSTRALASIA PTY LTD
A.C.N 104 838 440
STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST MARCH 2022

	A\$ 2022	A\$ 2021
Cashflows generated by Operating Activities:		
Receipts from Customers	30,782,719	27,798,466
Payments to Suppliers & Employees	-29,673,073	-28,740,357
Government Subsidies	222,888	395,500
Interest Received	3,023	786
Interest Paid	-29,005	-18,058
Net Cash generated by Operating Activities(per Note below):	<u>1,306,552</u>	<u>-563,663</u>
Cashflows to Investing Activities:		
Payments for Equipment	0	168,734
Payments for Intellectual Property	500,000	893,333
	<u>500,000</u>	<u>-1,062,067</u>
Net Increase in Cash	<u>806,552</u>	<u>-1,625,730</u>
Cash at the beginning of the financial year	<u>1,724,439</u>	<u>3,350,169</u>
	2,530,991	1,724,439
Cash at the end of the Financial year:		
Petty Cash	906	702
Cheque account	418,025	421,824
USD account	1,768	1,768
Business Saver account	2,110,292	1,300,145
	<u>2,530,991</u>	<u>1,724,439</u>

Note to the Statement of Cashflows

Reconciliation of Net Cash generated by Operating Activities to Profit after Income Tax for the financial year:

Profit after Income Tax	1,019,088	1,217,406
Depreciation	0	60,779
Increase in Inventory	-716,308	-5,130,800
Increase in Trade Creditors & Accruals	1,958,536	815,836
Increase in Income Tax Refund due	-287,749	-116,687
Increase in Trade Debtors & Prepayments	-667,015	2,589,803
Net Cash generated by Operating Activities	<u>1,306,552</u>	<u>-563,663</u>