

Company Registration No. 04353309 (England and Wales)

NICHE GENERICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

NICHE GENERICS LIMITED

COMPANY INFORMATION

Directors	G. M. Cole C. Moss D Kunkolienkar
Secretary	C. Moss
Company number	04353309
Registered office	1 The Cam Centre Wilbury Way Hitchin Herts SG4 0TW
Auditor	HW Fisher LLP Acre House 11-15 William Road London NW1 3ER United Kingdom

NICHE GENERICS LIMITED

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NICHE GENERICS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Fair review of the business

The company made an operating profit of £118,070 (2020: loss of £314,948) for the year on a turnover of £9,021,875 (2020: £8,253,199).

Shareholders funds as at 31 March 2021 were £487,512 (2020: £400,152).

The company's parent company, Unichem Laboratories Limited, has confirmed that it will continue to provide financial support for the company's trade for the foreseeable future.

Principal risks and uncertainties

All businesses carry with them a degree of inherent risk. Our philosophy at Niche Generics Limited is to manage risk, rather than be risk averse. Operating within the pharmaceutical sector carries with it rigorous demands from the various regulatory authorities who require 100% compliance over a wide range of regulations. Failure to comply with these regulations can have a significant adverse impact on the ongoing viability of an organisation.

We at Niche Generics Limited take our responsibility extremely seriously in this area and provide adequate human and financial resources to ensure that our quality, production and pharmacovigilance standards are of an acceptable standard to the various regulatory agencies.

Despite the challenges of operating due to the COVID-19 pandemic the company has successfully managed to introduce working practices to enable all staff to work safely either by working from home, socially distanced, or with suitable PPE where social distancing is not possible. As a result none of the Company's 50 Republic of Ireland employees were furloughed .

Throughout the pandemic we have continued to maintain supply of product to UK market with some of our products assisting in the treatment of COVID-19 patients.

With the Company operating both within UK and the Republic of Ireland the immediate impact of BREXIT has been manageable albeit with additional complications due to movement of goods between UK and Ireland.

Of greater concern is the situation for Northern Ireland where both the EU and UK claim to have regulatory rights, unless the position changes, we will no longer be able to supply. This is not expected to have a significant impact on UK sales but is unacceptable for patients in Northern Ireland.

In summary the management of Niche Generics Limited take a proactive approach to risk and as a consequence we see no issues which we can't address.

Please refer to note 18 of the accounts for details regarding the fine imposed by the European Commission.

NICHE GENERICS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

Key performance indicators

In the opinion of the directors the key financial performance indicators are the following:

	2021	2020
	£	£
Turnover	9,021,875	8,253,199

Turnover is the key measure to the company's economic output.

Gross profit	5,156,400	5,436,409
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Gross profit provides an indication of the company's quality and service efficiency.

EBITDA	298,401	69,520
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EBITDA here represents earnings before interest, taxation, depreciation, amortisation and unrealised losses on foreign exchange movements.

By order of the board



C. Moss
Secretary

.....
13 May 2021

NICHE GENERICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2021

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

Principal activities

The principal activity of the company continues to be that of selling, manufacturing, developing and sourcing generic medicines.

Results and dividends

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

No ordinary dividends were paid.

Directors

The directors who served during the year were:

G. M. Cole
C. Moss
D Kunkolienkar

Auditor

The auditor, HW Fisher LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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 is 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 auditor is aware of that information.

By order of the board



.....
C. Moss

Secretary

13 May 2021

Date:

NICHE GENERICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2021

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and 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.

NICHE GENERICS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NICHE GENERICS LIMITED

Opinion

We have audited the financial statements of Niche Generics Limited (the 'company') for the year ended 31 March 2021 which comprise the profit and loss account, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Emphasis of matter

We draw attention to note 18 of the financial statements, which describes a contingent liability in respect of a fine imposed by the European Commission on the Company jointly and severally with its parent company. Our opinion is not modified in this respect.

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.

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 other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. 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 course of 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 our audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

NICHE GENERICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NICHE GENERICS 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 and the directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

As part of our planning process:

- We enquired of management the systems and controls the company has in place, the areas of the financial statements that are mostly susceptible to the risk of irregularities and fraud, and whether there was any known, suspected or alleged fraud. The company did not inform us of any known, suspected or alleged fraud.
- We obtained an understanding of the legal and regulatory frameworks applicable to the company. We determined that the following were most relevant: FRS 102 and Companies Act 2006.
- We considered the incentives and opportunities that exist in the company, including the extent of management bias, which present a potential for irregularities and fraud to be perpetuated, and tailored our risk assessment accordingly.
- Using our knowledge of the company, together with the discussions held with the company at the planning stage, we formed a conclusion on the risk of misstatement due to irregularities including fraud and tailored our procedures according to this risk assessment.

NICHE GENERICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NICHE GENERICS LIMITED

The key procedures we undertook to detect irregularities including fraud during the course of the audit included:

- Identifying and testing journal entries and the overall accounting records, in particular those that were significant and unusual.
- Reviewing the financial statement disclosures and determining whether accounting policies have been appropriately applied.
- Reviewing and challenging the assumptions and judgements used by management in their significant accounting estimates, in particular in relation to contingent liability disclosed in note 19 of the financial statements.
- Assessing the extent of compliance, or lack of, with the relevant laws and regulations.
- Testing key revenue lines, in particular cut-off, for evidence of management bias.
- Performing a physical verification of key assets and stock items (including testing of the stock system).
- Obtaining third-party confirmation of material bank and loan balances.
- Documenting and verifying all significant related party balances and transactions.
- Obtaining solicitors confirmation on status of the EU fine appeal

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements even though we have properly planned and performed our audit in accordance with auditing standards. The primary responsibility for the prevention and detection of irregularities and fraud rests with the directors.

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

Use of our report

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

Darshna Choudhury

Darshna Choudhury (Senior Statutory Auditor)

For and on behalf of HW Fisher LLP

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

13 May 2021

NICHE GENERICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 £	2020 £
Turnover	3	9,021,875	8,253,199
Cost of sales		(3,865,475)	(2,816,790)
Gross profit		<u>5,156,400</u>	<u>5,436,409</u>
Administrative expenses		(5,038,330)	(5,751,357)
Operating profit/(loss)	4	118,070	(314,948)
Interest receivable and similar income	8	256	2,902
Interest payable and similar expenses	9	(30,966)	3,482,576
Profit before taxation		<u>87,360</u>	<u>3,170,530</u>
Tax on profit	10	-	-
Profit for the financial year		<u><u>87,360</u></u>	<u><u>3,170,530</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

NICHE GENERICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	2021	2020
	£	£
Profit for the year	87,360	3,170,530
Other comprehensive income	-	-
Total comprehensive income for the year	<u>87,360</u>	<u>3,170,530</u>

NICHE GENERICS LIMITED

BALANCE SHEET


AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
Fixed assets					
Tangible assets	11		1,347,964		1,611,586
Current assets					
Stocks	12	1,443,591		1,261,836	
Debtors	13	3,652,858		3,030,849	
Cash at bank and in hand		45,730		480,923	
		<u>5,142,179</u>		<u>4,773,608</u>	
Creditors: amounts falling due within one year	15	<u>(6,002,631)</u>		<u>(5,985,042)</u>	
Net current liabilities			(860,452)		(1,211,434)
Total assets less current liabilities			<u>487,512</u>		<u>400,152</u>
Capital and reserves					
Called up share capital	16		5,625,000		5,625,000
Capital redemption reserve			1,625,000		1,625,000
Profit and loss reserves			(6,762,488)		(6,849,848)
Total equity			<u>487,512</u>		<u>400,152</u>

13 May 2021

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

G M Cole
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G. M. Cole
Director


C. Moss
Director

Company Registration No. 04353309

NICHE GENERICS LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2019	4,125,000	1,625,000	(10,020,378)	(4,270,378)
Year ended 31 March 2020:				
Profit and total comprehensive income for the year	-	-	3,170,530	3,170,530
Other movements	1,500,000	-	-	1,500,000
Balance at 31 March 2020	<u>5,625,000</u>	<u>1,625,000</u>	<u>(6,849,848)</u>	<u>400,152</u>
Year ended 31 March 2021:				
Profit and total comprehensive income for the year	-	-	87,360	87,360
Balance at 31 March 2021	<u><u>5,625,000</u></u>	<u><u>1,625,000</u></u>	<u><u>(6,762,488)</u></u>	<u><u>487,512</u></u>

NICHE GENERICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

		2021		2020	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	21		(375,035)		516,388
Interest paid			(30,966)		(47,615)
			<hr/>		<hr/>
Net cash (outflow)/inflow from operating activities			(406,001)		468,773
Investing activities					
Purchase of tangible fixed assets		(29,448)		(455,904)	
Interest received		256		2,902	
		<hr/>		<hr/>	
Net cash used in investing activities			(29,192)		(453,002)
Financing activities					
Proceeds from borrowings		-		2,542,373	
Repayment of borrowings		-		(2,569,813)	
		<hr/>		<hr/>	
Net cash used in financing activities			-		(27,440)
			<hr/>		<hr/>
Net decrease in cash and cash equivalents			(435,193)		(11,669)
Cash and cash equivalents at beginning of year			480,923		492,592
			<hr/>		<hr/>
Cash and cash equivalents at end of year			45,730		480,923
			<hr/> <hr/>		<hr/> <hr/>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Niche Generics Limited is a limited company incorporated in England and Wales. The registered office is 1 The Cam Centre, Wilbury Way, Hitchin, Herts, SG4 0TW.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the 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 £.

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

1.2 Going concern

The directors have considered the effect of the Covid-19 outbreak. The directors do not consider that the outbreak is likely to cause significant disruption to the company's business. On the basis of continued support from the parent company, who has indicated their intention to continue to provide financial support to the company and who also consider that their business will not be significantly affected by the Covid-19 outbreak, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future.

1.3 Turnover

Turnover represents the invoiced value of goods sold and services provided, together with licence and other income from the exploitation of the company's rights in generic pharmaceuticals, net of VAT.

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

1.4 Tangible fixed assets

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

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

Short leasehold land and buildings	Over the term of the lease
Plant and machinery	10% Straight line
Fixtures, fittings and equipment	20% Straight line
Computer equipment	25% Straight line

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.

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible 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 the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.6 Stocks

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

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 recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.7 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and 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.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

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 recognised 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.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

Impairment of financial assets

Financial assets 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 occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

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

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the 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 substance 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 creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

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

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

Other financial liabilities

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

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.9 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.10 Taxation

The tax expense represents 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 or expense 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 taxation is provided in full on all timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

1.11 Employee benefits

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

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

Employees who have completed specified years of service are eligible for a death benefit plan wherein a defined amount would be paid to the survivors of the employee in the event of their death while in service with the company. To fulfil the company's obligation for the above mentioned plan, the company has taken term policy from an insurance company. The annual premium for insurance cover is recognised in the profit and loss account.

1.12 Retirement benefits

The company operates a defined contributions pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

1.13 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

1.14 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates 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 and losses arising on translation in the period are included in profit or loss.

1.15 Rates holiday

Business rates holidays received are set off against the applicable rate expense for the period covered by the holiday.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty

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

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

Critical judgements

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

A fine of just under €14 million was imposed on the company jointly and severally with its parent company by the European Commission in July 2014. The fine is being appealed, therefore the Directors have taken the decision to disclose this as a contingent liability at the year-end (see note 18 for further details).

3 Turnover and other revenue

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

	2021	2020
	£	£
Turnover analysed by class of business		
Product sales	8,924,039	8,036,795
Service fees	97,836	216,404
	<u>9,021,875</u>	<u>8,253,199</u>

	2021	2020
	£	£
Turnover analysed by geographical market		
United Kingdom	3,539,282	2,730,028
European Union	3,002,478	3,308,182
Rest of the World	2,480,115	2,214,989
	<u>9,021,875</u>	<u>8,253,199</u>

4 Operating profit/(loss)

	2021	2020
	£	£
Operating profit/(loss) for the year is stated after charging/(crediting):		
Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss	(86,889)	150,660
Depreciation of owned tangible fixed assets	279,832	233,808
Loss on disposal of tangible fixed assets	13,238	-
Operating lease charges	235,460	248,716
	<u>235,460</u>	<u>248,716</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Auditor's remuneration

	2021	2020
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	24,100	25,150
For other services		
All other non-audit services	8,464	16,793

6 Employees

The average monthly number of persons (excluding temporary staff) employed by the company during the year was:

	2021	2020
	Number	Number
Administrative, operational, and regulatory	57	58

Their aggregate remuneration comprised:

	2021	2020
	£	£
Wages and salaries	2,840,697	2,934,850
Social security costs	331,611	328,126
Pension costs	179,001	177,524
	3,351,309	3,440,500

7 Directors' remuneration

	2021	2020
	£	£
Remuneration for qualifying services	303,435	292,812
Amounts received/ receivable under long term incentive schemes	44,793	144,075
Company pension contributions to defined contribution schemes	31,102	28,932
	379,330	465,819

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2020 - 2).

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

7 Directors' remuneration

(Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021	2020
	£	£
Remuneration for qualifying services	176,973	171,000
Amounts received/ receivable under long term incentive schemes	20,291	68,232
Company pension contributions to defined contribution schemes	11,581	10,773
	<u>176,973</u>	<u>171,000</u>

8 Interest receivable and similar income

	2021	2020
	£	£
Interest income		
Interest on bank deposits	256	2,902
	<u>256</u>	<u>2,902</u>

9 Interest payable and similar expenses

	2021	2020
	£	£
Interest on financial liabilities measured at amortised cost:		
Dividends (not classified as equity) on redeemable preference shares (waived)/ accrued	-	(3,530,191)
Other interest on financial liabilities	30,966	47,615
	<u>30,966</u>	<u>(3,482,576)</u>

10 Taxation

The actual charge for the year can be reconciled to the expected charge for the year based on the profit or loss and the standard rate of tax as follows:

	2021	2020
	£	£
Profit before taxation	87,360	3,170,530
	<u>87,360</u>	<u>3,170,530</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	16,598	602,401
Tax effect of expenses that are not deductible in determining taxable profit	-	905
Tax effect of income not taxable in determining taxable profit	3,150	(670,736)
Unutilised tax losses carried forward	(58,512)	36,416
Depreciation add back	53,168	44,424
Capital allowances	(14,404)	(13,410)
	<u>-</u>	<u>-</u>
Taxation charge for the year	<u>-</u>	<u>-</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

10 Taxation

(Continued)

The company has trading tax losses of £10,707,348 (2020: £11,079,599) available for carry forward against future trading profits.

A net deferred tax asset of £1,960,663 (2020: £2,000,417) calculated at a rate of 19% (2020: 19%) has not been included in the accounts due to the uncertainty over its recovery.

11 Tangible fixed assets

	Short leasehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2020	2,114,252	2,020,599	69,388	336,141	4,540,380
Additions	-	10,177	-	19,271	29,448
Disposals	-	(125,812)	-	(1,807)	(127,619)
At 31 March 2021	2,114,252	1,904,964	69,388	353,605	4,442,209
Depreciation and impairment					
At 1 April 2020	1,114,291	1,435,898	64,646	313,959	2,928,794
Depreciation charged in the year	166,196	99,157	2,305	12,174	279,832
Eliminated in respect of disposals	-	(112,574)	-	(1,807)	(114,381)
At 31 March 2021	1,280,487	1,422,481	66,951	324,326	3,094,245
Carrying amount					
At 31 March 2021	833,765	482,483	2,437	29,279	1,347,964
At 31 March 2020	999,961	584,701	4,742	22,182	1,611,586

12 Stocks

	2021 £	2020 £
Raw materials and consumables	518,773	580,277
Finished goods and goods for resale	924,818	681,559
	1,443,591	1,261,836

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	2,026,446	1,684,913
Amounts owed by group undertakings	107,627	-
Other debtors	1,440,404	1,241,894
Prepayments and accrued income	78,381	104,042
	<u>3,652,858</u>	<u>3,030,849</u>

Other debtors includes an amount of £1,440,000 (2020: £1,240,000) which would not be receivable within one year from the balance sheet date.

14 Loans and overdrafts

	2021	2020
	£	£
Bank loans	<u>2,555,366</u>	<u>2,654,867</u>
Payable within one year	<u>2,555,366</u>	<u>2,654,867</u>

The bank loan, denominated in Euros, is secured/guaranteed by a standby letter of credit supported by Unichem Laboratories Limited, the company's parent. Unichem Laboratories Limited has confirmed that it will continue to provide this support for the foreseeable future.

15 Creditors: amounts falling due within one year

	Notes	2021	2020
		£	£
Bank loans	14	2,555,366	2,654,867
Trade creditors		329,488	413,929
Amounts owed to group undertakings		2,680,171	2,589,047
Taxation and social security		183,781	149,608
Other creditors		16,232	22,388
Accruals and deferred income		237,593	155,203
		<u>6,002,631</u>	<u>5,985,042</u>

16 Share capital

	2021	2020
	£	£
Ordinary share capital		
Issued and fully paid		
5,625,000 Ordinary shares of £1 each	<u>5,625,000</u>	<u>5,625,000</u>
	<u>5,625,000</u>	<u>5,625,000</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

16 Share capital

(Continued)

17 Retirement benefit schemes

	2021	2020
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	179,001	177,524

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.

18 Financial commitments, guarantees and contingent liabilities

A contingent liability exists in connection with a fine of just under €14m imposed on the Company jointly and severally with its parent company by the European Commission ("EC") in July 2014, contending that the Company and its parent company had acted contrary to the EU competition law as the Company had, in early 2005, agreed to settle a financially crippling patent litigation with a French pharmaceutical company, Laboratories Servier.

The Company profoundly disagrees with the EC's findings and is vigorously challenging the EC decision before the European Courts to have it overturned. Both the Company and its parent company therefore submitted appeals in September 2014 to the EU General Court.

The appeal was heard in June 2017 and a judgement was reached in December 2018, where the fine was upheld.

The Company and its parent company submitted a further appeal in February 2019 and have asked that the decision and the fine be annulled in its entirety. A response to the appeal was lodged by the commission on 6 May 2019 and a response to this was submitted by the Company on 5 July 2019.

On 4 October 2019 the Company and its parent company submitted a request for an oral hearing.

The full outcome of the appeal is still awaited. Given the current COVID-19 crisis, non-urgent court hearings were delayed, however it is estimated that an oral hearing in the Company's appeal is likely to occur within 6 months of the current year-end (31 March 2021) and typically a judgement would then follow within 6 to 9 months of that hearing, as advised by the Company's lawyers.

No provision has been made for this in these accounts.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

19 Operating lease commitments

Lessee

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

	2021 £	2020 £
Within one year	216,454	195,984
Between two and five years	740,851	736,850
In over five years	21,186	117,259
	<u>978,491</u>	<u>1,050,093</u>

20 Ultimate controlling party

The directors regard the company's parent company, Unichem Laboratories Limited (a company incorporated in India with a registered office address at Unichem Bhavan, Prabhat Estate, Off. S. V. Road, Jogeshwari (West), Mumbai - 400 102), as the ultimate controlling party of the company.

21 Cash (absorbed by)/generated from operations

	2021 £	2020 £
Profit for the year after tax	87,360	3,170,530
Adjustments for:		
Finance costs	30,966	(3,482,576)
Investment income	(256)	(2,902)
Loss on disposal of tangible fixed assets	13,238	-
Depreciation and impairment of tangible fixed assets	279,832	233,808
Foreign exchange gains on cash equivalents	(99,501)	70,027
Movements in working capital:		
Increase in stocks	(181,755)	(19,597)
Increase in debtors	(622,009)	(235,058)
Increase in creditors	117,089	782,156
Cash (absorbed by)/generated from operations	<u>(375,036)</u>	<u>516,388</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

22 Analysis of changes in net debt

	1 April 2020	Cash flows	Exchange rate movements	31 March 2021
	£	£	£	£
Cash at bank and in hand	480,923	(435,193)	-	45,730
Borrowings excluding overdrafts	(2,654,867)	-	99,501	(2,555,366)
	<u>(2,173,944)</u>	<u>(435,193)</u>	<u>99,501</u>	<u>(2,509,636)</u>
	<u><u>(2,173,944)</u></u>	<u><u>(435,193)</u></u>	<u><u>99,501</u></u>	<u><u>(2,509,636)</u></u>



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Parties involved with this document

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Thu, 13th May 2021 15:49:09 BST	Gabriela Dziubek - Signer (3bd5dec4c8ef2e6f795f6b5400e717e3)
Thu, 13th May 2021 17:48:12 BST	Darshna Choudhury - Signer (2e67f255a9caff5486439a30b2e179c5)

Audit history log

Date	Action
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Thu, 13th May 2021 15:49:09 BST	Sent the envelope to Darshna Choudhury (dchoudhury@hwfisher.co.uk) for signing. (217.207.100.70)
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Thu, 13th May 2021 13:39:09 BST	C Moss signed the envelope. (81.131.47.146)
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Tue, 11th May 2021 9:01:00 BST	C Moss viewed the envelope. (81.131.47.146)
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