

Company Registration No. 04353309 (England and Wales)

NICHE GENERICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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 2022

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

Fair review of the business

The company made an operating loss of £250,694 (2021: profit of £118,070) for the year on a turnover of £8,103,157 (2021: £9,021,875).

Shareholders funds as at 31 March 2022 were £72,407 (2021: £487,512).

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.

The COVID-19 pandemic continues to adversely impact global economic conditions and its ongoing impact remains uncertain, however, the directors believe that the impact of the pandemic to date has not had a significant effect on the Company's trading and is unlikely to have in the future.

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 2022

Key performance indicators

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

	2022	2021
	£	£
Turnover	8,103,157	9,021,875

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

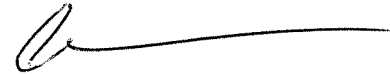
Gross profit	4,459,812	5,156,400
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Gross profit provides an indication of the company's quality and service efficiency.

EBITDA	(18,988)	298,401
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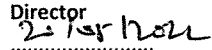
EBITDA here represents earnings before interest, taxation, depreciation, amortisation and unrealised gains on foreign exchange movements.

On behalf of the board



.....
C. Moss

Director


.....

NICHE GENERICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2022

The directors present their report and accounts for the year ended 31 March 2022.

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

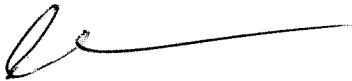
Auditor

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.

On behalf of the board



.....
C. Moss

Director

Date: 20/05/2022
.....

NICHE GENERICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

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

Qualified opinion

We have audited the financial statements of Niche Generics Limited (the 'company') for the year ended 31 March 2022 which comprise 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, except for the effects of the matter described in the Basis for qualified opinion paragraph, 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 loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for qualified opinion

We draw attention to note 18 of the financial statements which sets out the current on-going litigation the company is facing. Whilst previously the outcome of the appeal was sufficiently uncertain that a contingent liability was deemed sufficient, following the hearing in October 2021, and our review of the available documentation, our opinion is that it is more likely than not that the company will be liable for the €14m fine (worth approximately £11.8m at the balance sheet date). Accordingly, we believe that this should be provided for in the financial statements. The Directors' opinion is that there remains an inherent uncertainty as to the outcome of the appeal and therefore the directors are of the opinion that no provision should be made at this point in time. The impact on the financial statements of including the provision would be that the company would show a loss for the year of approximately £12.2m and have net liabilities of approximately £11.7m at the balance sheet date.

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 qualified opinion.

Material uncertainty related to going concern

We draw attention to note 1.2 in the financial statements which describes the potential impact of the on-going litigation and the company's reliance on the financial support of its parent company, together with our Basis for qualified opinion paragraph above. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

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.

As described in the Basis for qualified opinion section of our report, our audit opinion is qualified in respect of not including a provision in the financial statements. The financial information included in the strategic report also omits this provision and accordingly we have concluded that the other information is materially misstated for the same reason.

NICHE GENERICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NICHE GENERICS LIMITED

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.

Matters on which we are required to report by exception

Except for the matter described in the Basis for qualified opinion section of our report, 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 18 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

20.May.2022

NICHE GENERICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £	2021 £
Turnover	3	8,103,157	9,021,875
Cost of sales		(3,643,345)	(3,865,475)
Gross profit		4,459,812	5,156,400
Administrative expenses		(4,710,506)	(5,038,330)
Operating (loss)/profit	4	(250,694)	118,070
Interest receivable and similar income	8	15	256
Interest payable and similar expenses	9	(164,426)	(30,966)
(Loss)/profit before taxation		(415,105)	87,360
Tax on (loss)/profit	10	-	-
(Loss)/profit for the financial year		(415,105)	87,360

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

NICHE GENERICS LIMITED

BALANCE SHEET

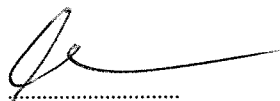
AS AT 31 MARCH 2022

	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets	11		1,094,613		1,347,964
Current assets					
Stocks	12	989,143		1,443,591	
Debtors	13	3,581,170		3,652,858	
Cash at bank and in hand		200,630		45,730	
		4,770,943		5,142,179	
Creditors: amounts falling due within one year	15	(5,793,149)		(6,002,631)	
Net current liabilities			(1,022,206)		(860,452)
Total assets less current liabilities			72,407		487,512
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			(7,177,593)		(6,762,488)
Total equity			72,407		487,512

The financial statements were approved by the board of directors and authorised for issue on 20 MAY 2022 and are signed on its behalf by:



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 2022

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2020	5,625,000	1,625,000	(6,849,848)	400,152
Year ended 31 March 2021:				
Profit and total comprehensive income for the year	-	-	87,360	87,360
Balance at 31 March 2021	5,625,000	1,625,000	(6,762,488)	487,512
Year ended 31 March 2022:				
Loss and total comprehensive income for the year	-	-	(415,105)	(415,105)
Balance at 31 March 2022	5,625,000	1,625,000	(7,177,593)	72,407

NICHE GENERICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2022

		2022		2021	
	Notes	£	£	£	£
Cash flows from operating activities					
Cash generated from/(absorbed by) operations	21		332,667		(375,035)
Interest paid			(164,426)		(30,966)
			<u> </u>		<u> </u>
Net cash inflow/(outflow) from operating activities			168,241		(406,001)
Investing activities					
Purchase of tangible fixed assets		(13,356)		(29,448)	
Interest received		15		256	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(13,341)		(29,192)
Financing activities					
		<u> </u>		<u> </u>	
Net cash used in financing activities			-		-
			<u> </u>		<u> </u>
Net increase/(decrease) in cash and cash equivalents			154,900		(435,193)
Cash and cash equivalents at beginning of year			45,730		480,923
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			<u>200,630</u>		<u>45,730</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 pandemic. The directors do not consider that the pandemic has caused significant disruption to the company's business. However the potential outcome of the on-going litigation as set out in note 18 represents a material uncertainty. Nevertheless, with continued support from the parent company, who has indicated their intention to continue to provide financial support to the company, the directors have a reasonable expectation that the company has adequate resources to continue in operation for the foreseeable future. Therefore the directors have continued to adopt the going concern basis in these financial statements.

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 2022

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 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.

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.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies

(Continued)

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.

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.

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.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

1 Accounting policies (Continued)

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.

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.

Recognition of contingent liabilities

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).

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

3 Turnover and other revenue

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

	2022	2021
	£	£
Turnover analysed by class of business		
Product sales	8,016,538	8,924,039
Service fees	86,619	97,836
	<u>8,103,157</u>	<u>9,021,875</u>

	2022	2021
	£	£
Turnover analysed by geographical market		
United Kingdom	2,624,960	3,539,282
European Union	2,702,290	3,002,478
Rest of the World	2,775,907	2,480,115
	<u>8,103,157</u>	<u>9,021,875</u>

4 Operating (loss)/profit

	2022	2021
	£	£
Operating (loss)/profit 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	(20,839)	(86,889)
Depreciation of owned tangible fixed assets	266,707	279,832
(Profit)/loss on disposal of tangible fixed assets	-	13,238
Operating lease charges	223,229	235,460
	<u>269,097</u>	<u>441,641</u>

5 Auditor's remuneration

	2022	2021
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the company	20,708	24,100
For other services		
All other non-audit services	8,292	8,464
	<u>29,000</u>	<u>32,564</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

6 Employees

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

	2022 Number	2021 Number
Administrative, operational, and regulatory	55	57

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,742,397	2,840,697
Social security costs	313,999	331,611
Pension costs	158,040	179,001
	<u>3,214,436</u>	<u>3,351,309</u>

7 Directors' remuneration

	2022 £	2021 £
Remuneration for qualifying services	324,186	303,435
Amounts received/ receivable under long term incentive schemes	58,230	44,793
Company pension contributions to defined contribution schemes	34,213	31,102
	<u>416,629</u>	<u>379,330</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2021 - 2).

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

	2022 £	2021 £
Remuneration for qualifying services	187,765	176,973
Amounts received/ receivable under long term incentive schemes	16,987	20,291
Company pension contributions to defined contribution schemes	12,740	11,581

8 Interest receivable and similar income

	2022 £	2021 £
Interest income		
Interest on bank deposits	15	256

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

9 Interest payable and similar expenses

	2022	2021
	£	£
Interest on financial liabilities measured at amortised cost:		
Other interest on financial liabilities	164,426	30,966
	<u> </u>	<u> </u>

10 Taxation

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

	2022	2021
	£	£
(Loss)/profit before taxation	(415,105)	87,360
	<u> </u>	<u> </u>
Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%)	(78,870)	16,598
Tax effect of income not taxable in determining taxable profit	(4)	3,150
Unutilised tax losses carried forward	38,143	(58,512)
Depreciation add back	21,544	53,168
Capital allowances in excess of depreciation	19,187	(14,404)
	<u> </u>	<u> </u>
Taxation charge for the year	-	-
	<u> </u>	<u> </u>

The company has trading tax losses of £10,908,102 (2021: £10,707,348) available for carry forward against future trading profits.

A net deferred tax asset of £2,654,767 (2021:£1,960,663) calculated at a rate of 25% (2021: 19%) has not been included in the accounts due to the uncertainty over its recovery.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

11 Tangible fixed assets

	Short leasehold land and buildings	Plant and machinery	Fixtures, fittings and equipment	Computer equipment	Total
	£	£	£	£	£
Cost					
At 1 April 2021	2,114,252	1,904,964	69,388	353,605	4,442,209
Additions	-	10,298	-	3,058	13,356
Disposals	-	-	-	(7,333)	(7,333)
At 31 March 2022	2,114,252	1,915,262	69,388	349,330	4,448,232
Depreciation and impairment					
At 1 April 2021	1,280,487	1,422,481	66,951	324,326	3,094,245
Depreciation charged in the year	165,015	87,180	1,902	12,610	266,707
Eliminated in respect of disposals	-	-	-	(7,333)	(7,333)
At 31 March 2022	1,445,502	1,509,661	68,853	329,603	3,353,619
Carrying amount					
At 31 March 2022	668,750	405,601	535	19,727	1,094,613
At 31 March 2021	833,765	482,483	2,437	29,279	1,347,964

12 Stocks

	2022	2021
	£	£
Raw materials and consumables	381,297	518,773
Finished goods and goods for resale	607,846	924,818
	989,143	1,443,591

13 Debtors

	2022	2021
	£	£
Amounts falling due within one year:		
Trade debtors	1,719,553	2,026,446
Amounts owed by group undertakings	136,798	107,627
Other debtors	1,640,816	1,440,404
Prepayments and accrued income	84,003	78,381
	3,581,170	3,652,858

Other debtors includes an amount of £1,640,000 (2021: £1,440,000) which would not be receivable within one year from the balance sheet date.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

14	Loans and overdrafts	2022	2021
		£	£
	Bank loans	2,520,365	2,555,366
	Payable within one year	2,520,365	2,555,366

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	2022	2021
			£	£
	Bank loans	14	2,520,365	2,555,366
	Trade creditors		291,570	329,488
	Amounts owed to group undertakings		2,538,079	2,680,171
	Taxation and social security		157,304	183,781
	Other creditors		16,153	16,232
	Accruals and deferred income		269,678	237,593
			5,793,149	6,002,631

16	Share capital	2022	2021	2022	2021
		Number	Number	£	£
	Ordinary share capital Issued and fully paid				
	Ordinary shares of £1 each	5,625,000	5,625,000	5,625,000	5,625,000

17	Retirement benefit schemes	2022	2021
		£	£
	Defined contribution schemes		
	Charge to profit or loss in respect of defined contribution schemes	158,040	179,001

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.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

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, Laboratoires 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. An oral hearing took place for the Company's appeal on 20 and 21 October 2021. Typically a judgement would then follow within 6 to 9 months after that hearing, however, given this is a complicated case which has been joined for the oral hearing with the appeals of other generic companies and the originator, and judgements will be delivered on the same day in all cases, this timeline may well slip, as advised by the Company's lawyers.

No provision has been made for this in these accounts.

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:

	2022	2021
	£	£
Within one year	207,250	216,454
Between two and five years	518,831	740,851
In over five years	3,217	21,186
	<u>729,298</u>	<u>978,491</u>
	<u>729,298</u>	<u>978,491</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.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2022

21 Cash generated from/(absorbed by) operations

	2022	2021
	£	£
(Loss)/profit for the year after tax	(415,105)	87,360
Adjustments for:		
Finance costs	164,426	30,966
Investment income	(15)	(256)
(Gain)/loss on disposal of tangible fixed assets	-	13,238
Depreciation and impairment of tangible fixed assets	266,707	279,832
Foreign exchange gains on cash equivalents	(35,001)	(99,501)
Movements in working capital:		
Decrease/(increase) in stocks	454,448	(181,755)
Decrease/(increase) in debtors	71,688	(622,009)
(Decrease)/increase in creditors	(174,481)	117,090
Cash generated from/(absorbed by) operations	<u>332,667</u>	<u>(375,035)</u>

22 Analysis of changes in net debt

	1 April 2021	Cash flows	Exchange rate movements	31 March 2022
	£	£	£	£
Cash at bank and in hand	45,730	119,899	35,001	200,630
Borrowings excluding overdrafts	(2,555,366)	35,001	-	(2,520,365)
	<u>(2,509,636)</u>	<u>154,900</u>	<u>35,001</u>	<u>(2,319,735)</u>

NICHE GENERICS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2022

		2022		2021
	£	£	£	£
Turnover				
Sales of goods		8,103,157		9,021,875
Cost of sales				
Opening stock of finished goods	1,443,591		1,261,836	
Finished goods purchases	3,188,897		4,047,230	
Closing stock of finished goods	(989,143)		(1,443,591)	
		<u>(3,643,345)</u>		<u>(3,865,475)</u>
Gross profit	55.04%	4,459,812	57.15%	5,156,400
Administrative expenses		<u>(4,710,506)</u>		<u>(5,038,330)</u>
Operating (loss)/profit		(250,694)		118,070
Investment revenues				
Bank interest received	15		256	
		<u>15</u>		<u>256</u>
Interest payable and similar expenses				
Guarantee commission	135,372		-	
Loan interest	29,054		30,966	
		<u>(164,426)</u>		<u>(30,966)</u>
(Loss)/profit before taxation		<u><u>(415,105)</u></u>		<u><u>87,360</u></u>

NICHE GENERICS LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£	£
Administrative expenses		
Wages and salaries	2,387,750	2,521,270
Social security costs	313,999	331,611
Temporary staff	26,198	62,137
Staff recruitment costs	3,014	5,817
Staff welfare	795	1,213
Staff training	16,596	5,918
Staff pension costs defined contribution	123,827	147,899
Redundancy costs - staff	-	19,348
Directors' remuneration	354,647	319,427
Directors' pension costs - defined contribution scheme	34,213	31,102
Rent re operating leases	208,113	216,631
Rates	(8,898)	31,847
Cleaning	3,977	5,843
Waste disposal	8,883	20,179
Power, light and heat	88,183	92,852
Repairs and maintenance	220,806	245,487
Insurance	74,472	69,784
Hire of plant	15,116	18,829
Motor running expenses	5,950	1,720
Travelling expenses	2,790	3,938
Couriers	6,959	8,188
Subscriptions and donations	19,549	18,349
Legal, professional and consultancy fees	114,383	104,281
Licence fees	52,664	51,426
Health and safety	2,238	1,028
Non audit remuneration paid to auditors	8,292	8,464
Audit and accountancy	20,708	24,100
Bank charges	4,481	5,474
Health insurance	86,991	81,755
Printing and stationery	7,200	9,427
Laboratory chemicals	7,226	10,690
Advertising	-	450
Telecommunications	37,718	38,086
Canteen	6,917	6,106
Entertaining	827	1,243
Sundry expenses	36	288
Contract analysis	97,758	172,348
Consumables	109,843	118,011
Depreciation	266,707	279,832
Profit or loss on sale of tangible assets	-	13,238
Profit or loss on foreign exchange	(20,839)	(86,889)
FMD costs	417	19,583
	<u>4,710,506</u>	<u>5,038,330</u>



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