Lupin Healthcare (UK) Limited

Reg No. 06925119

Financial Statements

For the Year Ended

31 March 2020

ANNUAL FINANCIAL STATEMENTS TO 31 MARCH 2020

DIRECTORS	S Makharia B Ellis T Volle
SECRETARY	A McDonald
NATURE OF BUSINESS	The distribution of generic and branded generic medicines
INCORPORATION	The company is incorporated in the England & Wales
HOLDING COMPANY	Lupin Atlantis Holdings SA (incorporated in Switzerland)
REGISTERED OFFICE	The Urban Building, Second Floor 3-9 Albert Street, Slough, Berkshire, SL1 2BE, United Kingdom
REGISTRATION NUMBER	06925119
BANKERS	Citibank NA, HSBC
AUDITORS	Hillier Hopkins LLP

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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 2020

The directors have pleasure in submitting the annual report and the annual financial statements for the year ended 31 March 2020.

PRINCIPAL ACTIVITIES

The company's principal activity during the period was the distribution of generic and branded generic medicines.

BUSINESS REVIEW

The UK generic pharmaceutical market has continued to see significant pricing challenges during the year leading, to lower margins on many product lines. The company continued to grow its specialist products while maximising returns from generic lines. This is visible in the income statement with increased revenues.

Revenue for the year was £9,462,356 (2019: £8,470,704), 12% increase over the previous period. Gross (loss)profit for the year was (£838,185) (2019: £1,594,479), 153% decrease over the previous period.

During the year, the company continued to expand higher value new product range that drove significant sales. However, gross margins have been impacted by lower prices on high volume lines.

The company reported net loss of £3,781,064 (after tax) as compared to the net loss of £1,429,598 in the previous year.

The company recognises a level of political, economic and regulatory risk associated with Brexit. The directors diligently monitor the associated impact and will react promptly as we consider appropriate. Since withdrawing from the EU on 31 January 2020 the European Medicine Agency has announced a transition period to 31 December 2020 to allow UK companies to become compliant with EU regulations. Given that we do not sell to the EU this will have minimal impact.

The company recognises a level of risk associated with the Covid-19 pandemic. We initiated our business continuity management. All employees have the ability to work from home with the appropriate tools at their disposal. There is potential increase to freight costs in the short term and potential impacts to our production as key medicines are prioritised. The situation is being managed on a day to day basis with open clear lines of communication and where possible early visibility of associated risks are discussed and mitigated.

RESULTS OF OPERATIONS

The results of operations for the period are detailed in the income statement on page 16 and are to be read in conjunction with the relevant notes.

DIVIDEND

During the period no dividend was declared by the directors (2019: £nil).

DIRECTORS

The directors who served during the period were:

S Makharia

B Ellis

T Volle

FUTURE DEVELOPMENTS

There have been no material facts or circumstances that have occurred between the accounting date and the date of this report.

The company will continue to launch generic and branded products.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS

We recognise the need to foster the company's business relationships with suppliers, customers and others. We actively engage employees for feedback at monthly team meetings and with regular one to ones with line managers. Our customer facing employees also have regular meeting to discuss products along with any issues and how we can support them. Finally with all suppliers (including our parent company) we also regularly discuss ongoing issues where relevant to ensure we maintain a productive relationship.

POLITICAL DONATIONS

The company made no political donations or incurred any political expenditure during the year (2019: £nil).

PROVISION OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- that the directors have taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information.

Hillier Hopkins LLP will continue in office in accordance with section 487 of the Companies Act 2006.

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

Sunil Makharia	Ben Ellis
Director	Director
Date: 07/05/2020	Date: 07/05/20

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) 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 estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Sunil Makharia	Ben Ellis
Director	Director
Date: 07/05/2020	Date: 07/05/20

STRATEGIC REPORT

Lupin Healthcare (UK) Limited is a 100% subsidiary of Lupin Atlantis Holdings SA, an entity incorporated in Switzerland and was registered in United Kingdom in June 2009, for the purpose of marketing, sales and distribution of generic pharmaceutical products in the United Kingdom.

Lupin Group is an innovation led transnational pharmaceutical group producing and developing a wide range of branded and generic formulations as well as biotechnology products and APIs globally. The company is a significant player in the Cardiovascular, Diabetology, Asthma, Paediatric, CNS, GI, Anti-Infective and NSAID space and holds global leadership positions in the Anti-TB and Cephalosporin segment.

Lupin Healthcare (UK) Limited derives significant benefits from the expertise and support which Lupin Group is able to provide, primarily in the areas of R&D and manufacturing.

The pharmaceutical market in UK is estimated at £18bn of which generic business is estimated at £5bn. There are approximately 14,000 pharmacies in the UK which are primarily divided into two main sub-groups – Multiples and Independent pharmacies. High competition between manufacturers drive down prices, often leading to a reduction of 90% or more within a few weeks of launch.

The company remains committed to continue the growth momentum in future, both in sales and profitability and have therefore laid out clear plans for the current management to ensure that the overall growth objectives are achieved. Key elements of the plan include review, evaluation and optimisation of non-commercialised products, continued portfolio rationalisation, targeting limited competition products and entry into high margin speciality branded segment. Long term Lupin Healthcare (UK) Limited aims to transform its portfolio from traditional generics to complex generics e.g. Biosimilars and specialist patent protected products. This is planned to be a combination of pipeline and acquisition. During the transition period over the coming years Lupin Healthcare (UK) Limited will continue to build its expertise and expand its network to meet the challenges that come with these more complex markets.

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

All directors act in good faith and promote the success of the company for the benefit of its members as a whole. As such we consider the following: The likely consequences of any decision in the long term to achieve the company strategy; the interests of the company's employees; the need to foster the company's business relationships with suppliers, customers and others; the impact of the company's operations on the community and the environment; the desirability of the company maintaining a reputation for high standards of business conduct and the need to act fairly as between members of the company.

Principal risks and uncertainties

The challenge associated with Covid-19

The current pandemic of Covid-19 has initiated our business continuity management. All employees have the ability to work from home with the appropriate tools at their disposal. There is potential increase to freight costs in the short term and potential impacts to our production as key medicines are prioritised. The situation is being managed on a day to day basis with open clear lines of communication and where possible early visibility of associated risks are discussed and mitigated.

The challenge of cyber security.

Criminal organisations are becoming more sophisticated which poses a real threat to safeguarding assets and data. Our personnel are trained to a high standard to increase awareness. In addition, regular IT communications highlight new threats and reconfirm best practice to mitigate. During the year increased IT governance was implemented to further support safeguarding.

The challenge that of unforeseen changes to the generic reimbursement system.

The current system for reimbursement is prescribed by the Drug Tariff as issued by the Pharmaceutical Services Negotiation committee - they monitor the rate of margin to community pharmacies. If this model is changed it could give unfavourable trading conditions.

The challenge to ensure that pharmacovigilance policy is adhered to.

The company must ensure that any adverse events, reactions, medical enquiries and special situation reports are correctly reported to the pharmacovigilance team in a timely manner. To mitigate this risk all personnel are regularly trained on this policy and made aware of any amendment to the policy or changes to key contacts.

The challenges associated with Brexit

The company recognises a level of political, economic and regulatory risk associated with Brexit. The directors diligently monitor the associated impact and will react promptly as we consider appropriate. Since withdrawing from the EU on 31 January 2020 the European Medicine Agency has announced a transition period to 31 December 2020 to allow UK companies to become compliant with EU regulations. Given that we do not sell to the EU this will have minimal impact.

The challenges associated with fluctuations in exchange rates

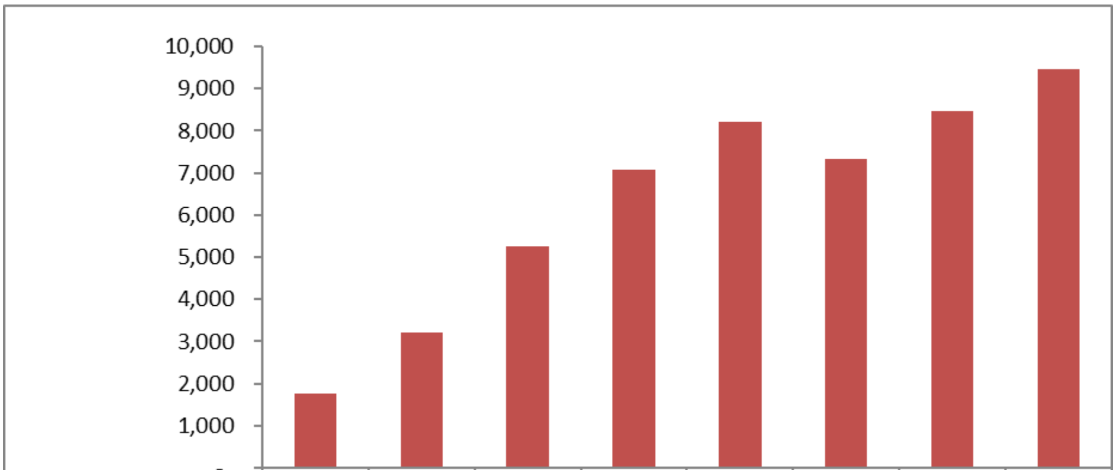
The company sources products for onward sale predominantly from our ultimate parent company Lupin Limited. The associated costs are translated from Indian Rupees and as such the company cost of sales can be impacted by movements in the exchange rate from GBP to INR. To mitigate this risk we continually monitor the exchange rate and its impact to cost of sales, we assess third party supply prices and change to third party suppliers where costs are more beneficial.

Key Performance Indicators

Financial:

Turnover growth

Over the past 8 years, Lupin Healthcare (UK) Limited has made significant progress in terms of building the foundation and to increase the sales in line with the long term strategy of the business. Full year impact of the launch of Namuscla (launched in year ending 31 March 2019) have supported growth compared to previous period and we show a compounded annual growth rate of 27% over this 8 year period.



	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY19	FY20
Sales (£'000)	1,771	3,221	5,260	7,064	8,216	7,325	8,471	9,462

Gross (loss)/profit margins

Gross (loss)/profit margin has decreased to -8.9% (2019: 18.8%). With increased levels of regulation, cost competitiveness has become key to sustained growth in the UK generics business. The company recognises that compliance of stringent regulatory norms, competitive cost base, right mix of customers, right mix of products and robust supply chain remain the key for long term sustainable growth in the UK. The tenders we have won this year on our high-volume lines have seen price erosion, this is the largest contributor to the negative margins. New product launches for non-commodity business are key to deliver stained profitability.

We continue review gross profit margin at a product level to ensure we have optimal return.

Non-Financial:

No regulatory audits completed this financial year.

Year-end company position

At the 31 March 2020 the company has a net current liability. This is predominantly driven by higher trade and other payables partially offset by increased trade and other receivables. We have a strong cash position and have confirmation of continued support from our parent company.

Sunil Makharia

Director

Date: 07/05/2020

Ben Ellis

Director

Date: 07/05/20

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF LUPIN HEALTHCARE (UK) LIMITED.

OPINION

We have audited the financial statements of Lupin Healthcare (UK) Limited (the 'company') for the year ended 31 March 2020 which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020, and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OPINION ON OTER MATTERS PRESCIRBED BY THE COMPANIES ACT 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and the directors' report has been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or

- the financial statements are not in agreement with the accounting records and returns; or

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement, set out on page 6, 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Sign: Date: 11 May 2020

Neil Cundale BSc FCA (Senior statutory auditor)
for and on behalf of
HILLIER HOPKINS LLP

Chartered Accountants
Statutory Auditor
51 Clarendon Road, Watford, Hertfordshire, WD17 1HP

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2020

	Note	Year ended March 31 2020 £	Year ended March 31 2019 £
REVENUE	2.1	9,462,356	8,470,704
Cost of sales	3.1	(10,300,541)	(6,876,225)
GROSS (LOSS)/ PROFIT		**(838,185)**	**1,594,479**
Other Income	2.2	2,934,614	1,710,584
Operating Expenses	3.2	(5,721,625)	(4,592,576)
(LOSS) FROM OPERATIONS		**(3,625,196)**	**(1,287,513)**
Financial Income		-	-
Financial Expenses	3.4	(155,868)	(142,085)
(LOSS) BEFORE TAXATION		**(3,781,064)**	**(1,429,598)**
Taxation	4	-	-
(LOSS) FOR THE YEAR		**(3,781,064)**	**(1,429,598)**

There were no recognised gains and losses for 2020 or 2019 other than those included in the income statement.

There was no other comprehensive income for 2020 (2019: £nil).

BALANCE SHEET AS AT 31 MARCH 2020

BALANCE SHEET AS AT 31 MARCH 2020

(REGISTERED NUMBER: 06925119)

	Note	As At March 31 2020 £	As At March 31 2019 £
ASSETS			
Non-current assets			
Property, plant and equipment	5	690,984	175,123
Deferred tax asset	5.2	19,563	-
Other Receivables > One Year	7.1	61,965	61,965
		772,512	237,088
Current Assets			
Inventories	6	1,512,603	1,867,002
Amounts due from group undertakings	7.2	944,190	719,730
Trade and other receivables	7.3	10,721,530	8,459,662
Cash and cash equivalents	8	882,847	2,146,266
		14,061,170	13,192,660
Total assets		**14,833,682**	**13,429,748**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued Capital	9	3,251,000	3,251,000
Retained earnings		(11,485,982)	(7,659,267)
		(8,234,982)	(4,408,267)
Non- Current Liabilities			
Lease Liabilities	14	103,298	-
		103,298	-
Current Liabilities			
Lease Liabilities	14	505,457	
Trade and other payables	10	12,023,906	10,404,694
Amounts owed to group undertakings	11.1	5,594,403	2,826,158
Loan - less than one year	11.2	4,841,599	4,607,163
		22,965,365	17,838,015
Total equity and liabilities		**14,833,682**	**13,429,748**

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

Sunil Makharia
Director
Date: 07/05/2020

Ben Ellis
Director
Date:07/05/20

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Ordinary Share Capital £	Retained earnings £	Total £
Opening Balance	3,251,000	(7,659,267)	(4,408,267)
IFRS 16 Opening balance adjustment		(45,650)	(45,650)
Issue of Shares		-	-
Loss for the year	-	(3,781,064)	(3,781,064)
Balance at March 31 2020	**3,251,000**	**(11,485,981)**	**(8,234,981)**

	Ordinary Share Capital £	Retained earnings £	Total £
Opening Balance	3,251,000	(6,229,669)	(2,978,669)
Issue of Shares		-	-
Loss for the year	-	(1,429,598)	(1,429,598)
Balance at March 31 2019	**3,251,000**	**(7,659,267)**	**(4,408,267)**

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2020

	Year ended March 31 2020 £	Year ended March 31 2019 £
(Loss) before taxation	(3,781,064)	(1,429,598)
Adjusted for :		
IFRS 16	(65,213)	
Depreciation	126,777	33,033
Revaluation of long term loan	234,436	331,009
Interest Paid	155,868	142,085
Taxation Charge	-	-
Cash generated from operations	(3,329,196)	(923,471)
Movements in working capital		
(Increase) / Decrease in inventories	354,399	(704,782)
(Increase) / Decrease in trade and other receivables	(2,486,328)	(3,731,597)
(Increase) / Decrease in other receivables	-	-
Increase / (Decrease) in trade and other payables	1,619,212	4,981,126
Increase / (Decrease) in other payables	2,768,245	171,282
	(1,073,668)	(207,442)
Interest Paid	(155,868)	(142,085)
Net cash generated in operating activities	(1,229,536)	(349,527)
Purchase of marketing rights	-	-
Right-of-use assets capitalised on implementation of IFRS 16	(641,918)	-
Purchase of property, pland and equipment	(720)	(6,417)
Net cash flow from investing activities	(642,638)	(6,417)
Lease liabilities recognised on transition date to IFRS 16	608,755	-
Ordinary Share Issue	-	-
Net cash inflow from financing activities	608,755	-
Net Movement in cash and cash equivalents	(1,263,419)	(355,944)
Cash and cash equivalents at the beginning of the period	2,146,266	2,502,210
Cash and cash equivalents at the end of the period	882,847	2,146,266

DOMICILE, LEGAL FORM AND OTHER INFORMATION

Lupin Healthcare (UK) Limited is a private company, limited by shares and incorporated in England and Wales. The nature of the business undertaken is the distribution of generic and branded generic medicines.

Lupin Healthcare (UK) Limited has a place of business the same as the registered office at The Urban Building, Second Floor 3-9 Albert Street, Slough, Berkshire, SL1 2BE, United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
AT 31 MARCH 2020

1. ACCOUNTING POLICIES

The principle accounting policies applied in the presentation of these financial statements are set out below.

1.1 Basis of preparation

The financial statements of Lupin Healthcare (UK) have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention.

Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for a period of at least 12 months following the approval of these financial statements. This is dependent upon the company continuing to receive financial support from the parent company, Lupin Limited.

The directors are of the opinion that the company can meet the majority of its liabilities as they fall due. The company's parent company, Lupin Limited, has confirmed it will continue to support the company for a period of at least 12 months from the approval of these financial statements.

There can be no certainty in relation to these matters, especially with regards to uncertainties pertaining to Covid-19. However, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a failure to ensure repayment of the amounts due to Lupin Limited.

1.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when the significant risks and rewards of ownership have been transferred to the buyer.

IFRS 15 has been applied consistently through the current accounting period.

The transaction price encompasses all consideration due from customers. The performance obligations are satisfied on delivery of goods to the customer with payment terms of one month and 5 days from the end of the month of invoice.

A general returns provision has been applied against one new product launched where historical trends are not available. Otherwise no other returns provisions have been applied.

1.3 Property, Plant and Equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included on the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated using the straight line method to allocate their cost over their estimated useful economic lives as follows:

Computer equipment – 33.0%
Furniture and fitting – 25.0%
Other equipment – 10.0%
Office equipment – over lease term (5 years)
Leasehold property – over lease term (10 years)

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

The assets' residual values, useful lives and depreciation methods are reviewed and adjusted prospectively if appropriate or if there is an indication of a significant change since the last report date.

1.4 Leased Assets

The Company as a lessee

For any new contracts entered into on or after April 1 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company

- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero. The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included in leasehold property and improvements and fixtures, fittings and equipment.

IFRS 16 Leases – New Accounting Standard

The Company has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 16 ‘Leases’

IFRS 16 ‘Leases’ replaces IAS 17 ‘Leases’ along with three Interpretations (IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC 15 ‘Operating Leases-Incentives’ and SIC 27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’).

The adoption of this new Standard has resulted in the Company recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Company has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The Company has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being April 1 2019. At this date, the Company has also elected to measure the right-of-use assets as if IFRS 16 had always been applied but using the incremental borrowing rate at the date of initial application.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Company has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 3.1%.

The Company has benefited from the use of hindsight for determining the lease term when considering options to extend and terminate leases.

The following is a reconciliation of the financial statement line items from IAS 17 to IFRS 16 at April 1 2019:

	Carrying amount at March 31 2019	Re-measurement	IFRS 16 carrying amount at
Property, plant and equipment	-	641,918	641,918
Lease liabilities	-	(683,231)	(683,231)
DTA		19,563	19,563
Other Accruals		(23,900)	(23,900)
Total	**-**	**(45,650)**	**(45,650)**

1.5 Inventories

Inventory is valued at the lower of cost and net realisable value. Cost is determined on the moving weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

1.6 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other receivables and payables and loan from related parties.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective impairment is found, an impairment loss is recognised in the Income Statement.

There are no material changes to the classification of financial instruments as a result of the adoption of IFRS 9 from the 1 April 2018.

Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of the business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets. Short term receivables are measured at transaction price, less any impairment.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less. In the cash flow statements, bank balances and cash consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities. Short term payables are measured at transaction price, less any impairment.

Other financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Impairment

All financial assets are reviewed (individually or collectively) for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. Where the carrying value of these instruments exceeds recoverable amount, the asset is written down to the recoverable amount. Impairment losses are recognised in the income statement.

Derecognition

A financial asset is derecognised where the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

1.7 Provisions

Provisions are recognised where there is a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. The expense relating to any provisions is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

1.8 Foreign currency translations

Functional and presentation currency

Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates (functional currency). The company's functional and presentation currency is British Pound and all amounts, unless otherwise indicated, are stated in British Pounds.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Exchange differences on non-monetary items are accounted for based on the classification of the underlying items.

1.9 Employee Benefits

Obligations for contributions to the defined pension plan are recognised as an expense in the income statement as incurred.

1.10 Current and Deferred Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement and is calculated on the basis of tax laws enacted at the balance sheet date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date.

Deferred tax assets and liabilities are not discounted.

1.11 Holiday Pay Accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the Balance Sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the Balance Sheet date.

1.12 Adopted IFRS's not yet applied

The following standards and interpretations were effective in 2019, but have not had a material impact on the Company:

IFRIC 23 'Uncertainty over Income Tax Treatments'
Amendments to IAS 28 'Investments in associates'
Amendments to IAS 19 'Employee benefits'
Annual improvements to IFRS 2015 - 2017 Cycle
The Directors anticipate that the adoption of Standards and interpretations that are not yet effective will not have a material impact on the results or financial position of the Company.

The following standards and interpretations to published standards are not yet effective:

New standard or interpretation	EU Endorsement status	Mandatory effective date (period beginning)
Amendments to IFRS 7 Financial Instruments: Disclosures’	Not yet endorsed for use in the EU	1 January 2020
Amendments to IFRS 9 ‘Financial Instruments’	Not yet endorsed for use in the EU	1 January 2020
Amendments to References to the Conceptual Framework in IFRS standards	Not yet endorsed for use in the EU	1 January 2020
Amendments to IFRS 3 'Business combinations'	Not yet endorsed for use in the EU	1 January 2020
Amendments to IAS 1 'Presentation of Financial Statements'	Not yet endorsed for use in the EU	1 January 2020 and 1 January 2022
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	Not yet endorsed for use in the EU	1 January 2020
Amendments to IAS39 ‘Financial Instruments: Recognition and Measurement’	Not yet endorsed for use in the EU	1 January 2020
Amendments to IFRS 17 ‘Insurance Contracts’	Not yet endorsed for use in the EU	1 January 2021

1.13 Judgment in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgments (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

The recoverability of Trade Receivables has been assessed as at the period end and up until the date of signing these financial statements. Management have based the decision to provide for any amounts based on their judgment of all the available information, and their experience of the specific nature of the Trade Receivable in question.

Inventory is included as per the accounting policy set out above. Management have assessed the need to write off or provide against any specific items based on the levels held at period end, and the expected revenues to be generated from such items in the immediate period post year end.

Rebate provision have been reviewed by the management at year end and accrued accordingly.

2 REVENUE AND OTHER INCOME

2.1 Revenue from contracts with customers

The following notes disaggregate revenue by primary geographical market, major product lines and timing/ uncertainty of revenue recognition.

	Year ended March 31 2020 £	Year ended March 31 2019 £
Primary geographical market		
United Kingdom	9,462,356	8,470,704
Total	**9,462,356**	**8,470,704**
Major product lines		
Pharmaceuticals	9,462,356	8,470,704
Total	**9,462,356**	**8,470,704**
Timing of transfer of goods		
Products transferred at point of delivery	9,462,356	8,470,704
Total	**9,462,356**	**8,470,704**

2.2 Other Income

	Year ended March 31 2020 £	Year ended March 31 2019 £
Other Income comprises the following:		
Marketing and management services provided to parent	2,934,614	1,710,584
	2,934,614	**1,710,584**

3 (LOSS) / PROFIT FROM OPERATIONS

		Year ended March 31 2020 £	Year ended March 31 2019 £
3.1	**Cost of Materials**		
	Purchase of traded goods	9,946,142	7,581,007
	Opening stock	1,867,002	1,162,220
	Closing Stock	(1,512,603)	(1,867,002)
	(Decrease) / Increase in the stock of finished goods (including traded goods)	354,399	(704,782)
	Total	**10,300,541**	**6,876,225**

3.2	(LOSS) / PROFIT FROM OPERATIONS BEFORE INTEREST	Year ended March 31 2020 £	Year ended March 31 2019 £
	Operating Expenses		
	Auditors remuneration - audit	17,750	17,250
	Auditors remuneration - Non audit	14,280	13,100
	Books & Periodicals	559	461
	Personel expenses (see note 3.3)	2,083,312	1,370,170
	Repairs and Maintenance	25,672	29,226
	Rates and Taxes	39,745	38,876
	Insurance	9,237	6,369
	Power and Fuel	2,143	882
	Selling and Promotion Expenses	909,556	325,987
	Freight and Forwarding	476,336	460,464
	Operating lease expense		
	- premises	-	126,289
	- equipment	-	17,803
	Building Service Charges	35,180	-
	Postage and Telephone Expenses	28,103	27,337
	Travelling and Conveyance	154,276	76,830
	Legal and Professional Charges	1,086,559	778,342
	Clinical and Analytical Charges	104,704	190,681
	Licence & Registrations	307,558	690,099
	Exchange (Gain) / Loss	274,904	361,792
	Miscellaneous Expenses (Includes printing and stationery,training expenses, membership fees etc)	24,974	27,585
	Depreciation on ROU Asset	95,031	-
	Depreciation	31,746	33,033
	Total	**5,721,625**	**4,592,576**

3.3 Personnel expenses

Salaries, Wages and Bonus	1,723,348	1,098,896
Contribution for retirement benefits	91,921	60,357
Contribution to National Insurance	203,769	129,028
Childcare Voucher Scheme	3,803	728
Staff Welfare Expenses	60,471	81,161
Total	**2,083,312**	**1,370,170**

Remuneration (including employer's pension contributions) paid to key management personnel during the year amounted to £512,895 (2019: £429,749)

Average number of employees employed during the year -

Department	**2020 Numbers**	**2019 Numbers**
General Management	1	1
Sales and Business development	3	3
Regulatory	5	4
Office Administration	0	0
Supply Chain	1	1
HR and Finance	3	3
Medical	1	
Partner Business	1	
	15	12

3.4 Finance Expenses

Finance on IFRS 16 leases	20,354	-
Finance on Intercompany loan	135,514	142,085
Total	**155,868**	**142,085**

4 Taxation	Year ended March 31 2020 £	Year ended March 31 2019 £
UK Corporation tax charge for the (Loss)/Profit for the year ended March 31 2020	-	-
UK Corporation tax charge for the prior period	-	-
	-	-

Factors affecting tax charge for the period -

The tax assessed for the period is higher than (2019: is higher than) the standard rate of corporation tax in the UK at 19% (2019: 19%). The differences are explained below -

	Year ended March 31 2020 £	Year ended March 31 2019 £
(Loss)/Profit on ordinary activities before tax	(3,781,064)	(1,429,598)
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019: 19%)	(718,402)	(271,624)
Effects of:		
Expenses not deductible for tax purposes	674,698	250,091
Current year losses for which no deferred tax asset was recognised	43,703	21,532
Overprovided in prior years	-	-
Current tax charge for the period (see note above)	**-**	**-**

Changes in tax rates and factors affecting the future tax charge

At Budget 2020, the government announced that the Corporation Tax main rate (for all profits except ring fence profits) for the years starting 1 April 2020 and 2021 would remain at 19%.

5 PROPERTY, PLANT AND EQUIPMENT

	Leasehold Property £	Office Equipment	Computer Equipment £	Furniture and Fixtures £	Other Equipment £	Total £
Cost						
Balance as at 1st April 2019	-		51,020	206,375	22,086	279,481
Adjustment on transition to IFRS 16	581,643	60,275				641,918
Acquisitions			720	-	-	720
Disposals			-	-	-	-
Balance as at 31st March 2020	581,643	60,275	51,740	206,375	22,086	922,119
Depreciation and impairment						
Balance as at 1st April 2019	-		41,570	49,861	12,927	104,358
Depreciation charge for the year	79,305	15,726	5,870	20,638	5,238	126,777
Disposals			-	-	-	-
Balance as at 31st March 2020	79,305	15,726	47,440	70,499	18,165	231,135
Net Book Value						
Balance as at 31st March 2019	-	-	9,450	156,514	9,159	175,123
Balance as at 31st March 2020	502,338	44,549	4,300	135,876	3,921	690,984

Included in the above line items are right-of-use assets over the following:

	£
Leasehold Property	502,338
Office Equipment	44,549
Total	**546,887**

5.1 Deferred tax asset

At the balance sheet date, the Company had unused tax losses of £19,563 (2019: £Nil)

		As At March 31 2020 £	As At March 31 2019 £
6	**INVENTORIES**		
	The amount attributable to the different categories are as follows:		
	Finished Goods	1,512,603	1,867,002
	Total	**1,512,603**	**1,867,002**

At the year end, the provision for obsolete stock and net realisable value adjustments amounts to £768,766 (2019: £391,626) and this amount was recognised as an expense. Inventory is obsolete and written off due to the goods being damaged or expired. Net realisable value adjustments occur if the selling price is below the cost of goods sold.

		As At March 31 2020 £	As At March 31 2019 £
7	**TRADE AND OTHER RECEIVABLES**		
7.1	**Other Receivables due after one year**	**61,965**	**61,965**
7.2	**Amount due from group undertakings**	**944,190**	**719,730**
7.3	Trade receivables	10,610,154	8,373,598
	Prepayments	111,376	86,064
	Total Receivables due within one year	**10,721,530**	**8,459,662**
	Total Trade & Other Receivables	**11,727,685**	**9,241,357**

		As At March 31 2020 £	As At March 31 2019 £
8	**CASH AND CASH EQUIVALENTS**		
	Cash in hand	2,567	1,212
	Bank balances in current account	880,280	2,145,054
	Total	882,847	2,146,266

		As At March 31 2020 £	As At March 31 2019 £
9	**SHARE CAPITAL**		
	Authorised		
	ordinary shares of £ 1 each	3,251,000	3,251,000
	Issued and fully paid		
	ordinary shares of £ 1 each	**3,251,000**	**3,251,000**

		As At March 31 2020 £	As At March 31 2019 £
10	**TRADE AND OTHER PAYABLES**		
	Trade payables	2,367,637	2,819,678
	Accruals	8,820,054	7,041,344
	Social Security & Other Taxes	836,215	543,672
	Total	12,023,906	10,404,694

		As At March 31 2020 £	As At March 31 2019 £
11.1	**AMOUNTS OWED TO GROUP UNDERTAKINGS**		
	Less than one year		
	Amounts owed to group undertakings	5,594,403	2,826,158
		5,594,403	2,826,158

		As At March 31 2020 £	As At March 31 2019 £
11.2	**OTHER LOANS AND BORROWINGS**		
	Loan - less than one year	4,841,599	4,607,163
		4,841,599	4,607,163

Unsecured loan from related party with no repayment date, interest rate 3.1%

12 RELATED PARTIES

The following companies and other entities are regarded as related parties:

Lupin Atlantis Holding SA, Switzerland **(Holding Company)**
Lupin Limited, India **(Ultimate Holding Company)**

Entities controlled by LUPIN HEALTHCARE (UK) LIMITED directors

Lupin Australia Pty Ltd., Australia
Generic Health Pty Ltd., Australia
Lupin Healthcare Limited, India
Lupin Atlantis Holding SA, Switzerland
Lupin Philippines, Inc., Philippines
Generic Health Sdn. Bhd., Malaysia
Crop Tech Chemicals (India) Pvt. Ltd.
Mediquimica Industria Farmaceutica LTDA, Brazil
Multicare Pharmaceuticals Philippines Inc., Philippines
Pharma Dynamics (Proprietary) Limited, South Africa
Element119 Leasing and Finance Private Limited (under voluntary winding-up)
Nanomi B. V., Netherlands (formerly known as Lupin Holdings B.V., Netherlands)
Polynova Industry Limited, India
Synchem Properties Pvt. Ltd. LLC, USA
Zyma Properties Private Limited, India
Lupin Investments Pvt. Ltd.
Synchem Properties Pvt. Ltd.
Lupin Europe GmbH, Germany
Lupin Middle East FZ-LLC, Dubai
Hormosan Pharma GmbH, Germany
Laboratorios Grin, S.A. de C.V., Mexico

The company entered into the following transactions with related parties:

	Lupin Limited	Lupin Atlantis Holdings SA	Others
	£	£	£
Purchase of Traded Goods	8,063,397	987,201	-
Marketing/ Management services provided and reimbursed	1,653,769	1,276,564	-
Services received from Lupin Atlantis Holdings SA	-	190,818	-
Services received from Lupin Ltd	86,991	-	-
Amount paid on behalf of and reimbursed by Lupin Europe GmbH	0	-	4,280
Amount paid on behalf of and reimbursed by Lupin Ltd	13,586	-	-
Amount paid by Pharma Dynamics on behalf and reimbursed by LHUL	-	-	12,844
Interest on Long Term Loan	-	0	135,981
Amount owing to related party	4,510,361	1,084,042	-
Amount due from related party	497,010	442,900	4,280

Note 11.2 details intercompany loans.

13 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

13.1(i) FINANCIAL ASSETS & LIABILITIES

The company has other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations. The main risk arising from the company's financial instruments are credit risk, liquidity risk and market risk.

In assessing risk the company classifies financial assets and liabilities as follows:

Assets	**At amortised cost £**	**At amortised cost £**
Trade and other receivables	11,616,309	9,155,293
Cash and cash equivalents	882,847	2,146,266
Total	**12,499,156**	**11,301,559**

Liabilities	**At amortised cost £**	**At amortised cost £**
Trade and other payables	16,782,094	12,687,180
Total	**16,782,094**	**12,687,180**

13.1(ii) FINANCIAL INSTRUMENTS NOT MEASURED AT FAIR VALUE

Financial instruments not measured at fair value include, cash and cash equivalents, trade and other receivables and trade and other payables. Due to the short-term nature, the carrying value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their fair value. There are no financial instruments measured at fair value.

13.2 CREDIT RISK

Credit risk arises on cash and cash equivalents with banks and financial institutions, as well as credit exposures to customers.

The company trades only with recognised, creditworthy third parties. All customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the conclusion that the company's exposure to bad debt is not significant.

Credit risk is managed by pro-active debt management. Credit limits are applied to each customer per the Experian credit limit. Any deviations to the Experian credit limit are approved by senior management and do not exceed 6 months of forecasted sales.

The company does not consider there to be any credit risk against any other financial instruments.

	2020 Gross £	2020 Impairment £	2019 Gross £	2019 Impairment £
Less than 90 Days	10,608,044	-	8,370,438	-
90 - 180 Days	-	-	-	-
Greater than 180 Days	14,347	(14,347)	18,942	(18,942)
	10,622,390	**(14,347)**	**8,389,380**	**(18,942)**

MOVEMENT IN IMPAIREMENT

	2020 £	2019 £
Balance at 1 April	(18,942)	(39,723)
Impairment loss recgonised	-	-
Reversals during the year	4,595	20,781
Balance at 31 March	**(14,347)**	**(18,942)**

13.3 LIQUIDITY RISK

The company's approach to liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the company's reputation.

Liquidity risk is managed through ongoing reviews of cash flow forecasts.

The table below details the company's expected maturity for its financial liabilities. The amounts are based on the undiscounted contractual maturities of the financial liabilities i.e. gross cash flows that are exchanged.

	Total £	On demand £	Less than 1 month £	1 to 3 months £	3 months to 1 year £
At 31 March 2020					
Non-interest bearing liabilities:					
- trade and other payables	7,962,040	107,515	709,798	3,278,322	3,866,405
Interest bearing liabilities:					
- loans and other borrowings	4,841,599				4,841,599
	12,803,639	**8,608,979**	**709,798**	**3,278,322**	**8,708,004**
At 31 March 2019					
Non-interest bearing liabilities:					
- trade and other payables	5,645,836	100,210	-	2,589,934	2,955,692
Interest bearing liabilities:					
- loans and other borrowings	4,607,163				4,607,163
	10,252,999	**8,608,979**	**-**	**2,589,934**	**7,562,855**

13.4 MARKET RISK

Market prices comprise three types of risk: Interest rate risk, currency risk and other price risk, such as equity risk.

Interest rate risk management

The company has a loan from related party and the interest rate is set using an arm's length policy. The interest rate on the related party loan has remained at 3.1%. The interest rate risk is deemed to be a low risk.

Foreign currency risk management

The company undertakes certain transactions in foreign currencies and hence exposure to exchange rate fluctuations arises. The sensitivity to foreign exchange rates is monitored through review of the impact on profit. Transactions in foreign currencies include United Stated Dollar (USD) & Euro (EUR).

Foreign currency exposure at year end

	March 31 2020 EUR	March 31 2020 USD	March 31 2019 EUR	March 31 2019 USD
Included in trade receivables	-	-	-	- 11,139
Included in trade payables	(49,544)	-	(1,850)	-
Included in amount due from gr	-	-	43,200	-
Included in amount due to grou	-	(153,057)	-	(44,140)
Total	**(49,544)**	**(153,057)**	**41,350**	**(55,279)**

Exchange rates applied to balances at 31 March 2020
USD:GBP 1.301 (2019: 1.301) and EUR:GBP 1.134 (2019: 1.134)

Transactions in foreign currencies are typically settled within 3 months and so there is minimal exposure of foreign currency movements.

13.5 CAPITAL RISK MANAGEMENT

The company manages its capital to ensure that the company will be able to continue to operate as a going concern while maximising the return to the stakeholders.

The directors meet regularly to review the capital structure. As part of this review the directors consider the availability of funding within the group to fund the company's capital requirements. The directors also consider the cost of capital and the risks associated with each class of capital.

14 OPERATING LEASE COMMITMENTS

The company has entered into commercial leases on certain office premises, cars and equipment. There are no restrictions placed upon the lessee by entering into these leases.

The Company has leases for leasehold property and office equipment. Each lease is reflected on the balance sheet as a right-of-use asset and a lease liability. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 1.4).

Leases of office equipment are generally limited to a lease term of 2 to 5 years. Leases of property generally have a lease term ranging from 5 years to 10 years.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure items of property, plant and equipment and incur maintenance fees on such items in accordance with the lease contracts.

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised on balance sheet:

	No. of right-of use asset leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Right of use asset							
Leasehold Property	1	6	6	1	-	-	1
Office Equipment	1	3	3	-	-	-	1

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Lease liabilities £
April 01 2019	
Adoption of IFRS 16	683,231
Revised April 01 2019	
Cash flows:	
- Repayment	74,476
- Proceeds	-
March 31 2020	608,755

The following is a reconciliation of total operating lease commitments at March 31 2019 (as disclosed in the financial statements to March 31 2019) to the lease liabilities recognised at April 1 2019:

	£
Total operating lease commitments disclosed at March 31 2019	
Operating lease liabilities before discounting	996,052
Other transitional adjustments	(183,850)
Discounted using incremental borrowing rate	(128,971)
Total lease liabilities outstanding under IFRS 16 at April 1 2019	**683,231**

Right of use asset
Additional information on the right-of-use assets by class of assets is as follows:

Asset	Carrying amount £	Additions £	Depreciation £
Leasehold Property	502,338	581,643	79,305
Office Equipment	44,549	60,275	15,726

Lease liabilities
Lease liabilities are presented in the statement of financial position as follows:

	As At March 31 2020 £	As At March 31 2019 £
Current	103,298	-
Non-current	505,457	-
Total	**608,755**	**-**

15	DIRECTOR'S REMUNERATION	Year ended March 31 2020 £	Year ended March 31 2019 £
	Gross Salary and allowances	272,409	219,236
	Contribution to pensions and other funds	11,489	10,444
	Perquisites	1,124	1,573
	Total	**285,021**	**231,253**

The above remuneration related to one director (2019: one), therefore is also the remuneration of the highest earning director.

During the period there were retirement benefits accruing under a money purchase pension scheme to one director (2019: one).