

Company Registration No. 04353309 (England and Wales)

NICHE GENERICS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

NICHE GENERICS LIMITED

COMPANY INFORMATION

Directors	B. K. Sharma G. M. Cole C. Moss
Secretary	C. Moss
Company number	04353309
Registered office	1 The Cam Centre Wilbury Way Hitchin Herts SG4 0TW
Auditor	H W Fisher & Company 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 2017

The directors present the strategic report for the year ended 31 March 2017.

Fair review of the business

The company made a pre-tax loss of £278,300 (2016: £1,286,139) for the year on a turnover of £10,772,400 (2016: £8,418,586).

After accounting for the accumulated accrued preference dividends of £2,457,045, which will only be paid when the company has profit and loss reserves to do so, the shareholders funds as at 31 March 2017 show a deficit of £3,922,603.

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 Generic 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.

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.

Key performance indicators

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

	2017	2016
	£	£
Turnover	10,772,400	8,418,586

Turnover is the key measure to the company's economic output and the revenue growth indicates the success of the company's business strategies.

Gross profit	5,999,154	4,558,496
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Gross profit provides an indication of the company's quality and service efficiency.

EBITDA	261,317	(615,175)
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EBITDA here represents earnings before interest, taxation, depreciation, amortisation and unrealised losses on foreign exchange movements. EBITDA provides an indication of the cash profit generated from the operations of the company for the year under review. The above represents the underlying positive cashflow performance of the business in the year.

By order of the board



C. Moss

Secretary

16th March 2017

NICHE GENERICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their report and accounts for the year ended 31 March 2017.

Principal activities

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

Directors

The directors who served during the year were:

B. K. Sharma

G. M. Cole

C. Moss

Results and dividends

The results for the year are set out on page 6.

No ordinary dividends were paid.

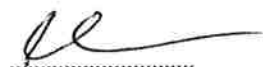
Auditor

The auditor, H W Fisher & Company, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

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

By order of the board



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C. Moss

Secretary

16th MAY 2017
.....

NICHE GENERICS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

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

We have audited the financial statements of Niche Generics Limited for the year ended 31 March 2017 set out on pages 6 to 23. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

NICHE GENERICS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF NICHE GENERICS LIMITED

Matters on which we are required to report by exception

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.

H W Fisher & Co

Navinchandra Thaker (Senior Statutory Auditor)
for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

16/05/2017

NICHE GENERICS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £	2016 £
Turnover	3	10,772,400	8,418,586
Cost of sales		(4,773,246)	(3,860,090)
Gross profit		5,999,154	4,558,496
Administrative expenses		(6,228,677)	(5,789,497)
Operating loss	4	(229,523)	(1,231,001)
Interest receivable and similar income	7	9,674	674
Interest payable and similar charges	8	(58,451)	(55,812)
Loss before taxation		(278,300)	(1,286,139)
Taxation	9	-	(4,283)
Loss for the financial year	20	(278,300)	(1,290,422)

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

NICHE GENERICS LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	2017 £	2016 £
Loss for the year	(278,300)	(1,290,422)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(278,300)</u>	<u>(1,290,422)</u>

NICHE GENERICS LIMITED

BALANCE SHEET

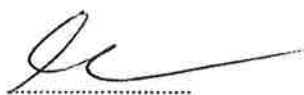
AS AT 31 MARCH 2017

		2017		2016 as restated	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	11		1,465,465		1,525,312
Current assets					
Stocks	13	1,462,189		995,377	
Debtors	14	3,130,401		3,575,364	
Cash at bank and in hand		62,616		425,607	
		<u>4,655,206</u>		<u>4,996,348</u>	
Creditors: amounts falling due within one year	16	<u>(10,043,274)</u>		<u>(7,347,029)</u>	
Net current liabilities			<u>(5,388,068)</u>		<u>(2,350,681)</u>
Total assets less current liabilities			<u>(3,922,603)</u>		<u>(825,369)</u>
Creditors: amounts falling due after more than one year	17		-		(2,371,542)
Net liabilities			<u>(3,922,603)</u>		<u>(3,196,911)</u>
Capital and reserves					
Called up share capital	18		625,000		625,000
Capital redemption reserve	21		1,625,000		1,625,000
Profit and loss reserves	20		(6,172,603)		(5,446,911)
Total equity			<u>(3,922,603)</u>		<u>(3,196,911)</u>

The financial statements were approved by the board of directors and authorised for issue on 16th March 2017 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 2017

	Share capital	Capital redemption reserve	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 April 2015	625,000	1,625,000	(3,773,025)	(1,523,025)
Year ended 31 March 2016:				
Loss and total comprehensive income for the year	-	-	(1,290,422)	(1,290,422)
Dividends	10	-	(383,464)	(383,464)
Balance at 31 March 2016	625,000	1,625,000	(5,446,911)	(3,196,911)
Year ended 31 March 2017:				
Loss and total comprehensive income for the year	-	-	(278,300)	(278,300)
Dividends	10	-	(447,392)	(447,392)
Balance at 31 March 2017	625,000	1,625,000	(6,172,603)	(3,922,603)

NICHE GENERICS LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017		2016	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	26		(108,482)		405,489
Interest paid			(58,451)		(55,812)
Foreign tax paid			-		(4,283)
			<u> </u>		<u> </u>
Net cash (outflow)/inflow from operating activities			(166,933)		345,394
Investing activities					
Purchase of tangible fixed assets		(205,732)		(116,943)	
Interest received		9,674		674	
		<u> </u>		<u> </u>	
Net cash used in investing activities			(196,058)		(116,269)
			<u> </u>		<u> </u>
Net (decrease)/increase in cash and cash equivalents			(362,991)		229,125
Cash and cash equivalents at beginning of year			425,607		196,482
			<u> </u>		<u> </u>
Cash and cash equivalents at end of year			62,616		425,607
			<u> </u>		<u> </u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

Although the balance sheet shows a net current liabilities position the Company is financially supported by its Parent company and as such the directors consider it to be a going concern and have prepared the accounts on that basis.

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 or valuation, 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 and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of 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 2017

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 and cash equivalents

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

1.8 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position 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, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that 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 2017

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 receipts 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 direct issue 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 2017

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.

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 income 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 lease 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 are included in the profit and loss account for the period.

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.

3 Turnover and other revenue

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

	2017	2016
	£	£
Turnover		
Product sales	10,490,695	8,221,954
Service fees	281,705	196,632
	<u>10,772,400</u>	<u>8,418,586</u>
Other significant revenue		
Interest income	9,674	674
	<u>9,674</u>	<u>674</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

3 Turnover and other revenue (Continued)

Turnover analysed by geographical market

	2017	2016
	£	£
United Kingdom	3,197,108	3,005,242
European Union	5,077,260	3,542,452
Rest of the World	2,498,032	1,870,892
	<u>10,772,400</u>	<u>8,418,586</u>

4 Operating loss

	2017	2016
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses	227,118	341,858
Fees payable to the company's auditor for the audit of the company's financial statements	18,000	18,000
Depreciation of owned tangible fixed assets	263,722	273,968
Loss on disposal of tangible fixed assets	1,857	238
Cost of stocks recognised as an expense	4,773,246	3,860,090
Operating lease charges	239,212	209,777
	<u>6,556,163</u>	<u>8,737,729</u>

5 Employees

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

	2017	2016
	Number	Number
Administrative, operational, and regulatory	91	90
	<u>91</u>	<u>90</u>

Their aggregate remuneration comprised:

	2017	2016
	£	£
Wages and salaries	3,464,121	3,035,230
Social security costs	394,213	339,850
Pension costs	196,638	182,693
	<u>4,054,972</u>	<u>3,557,773</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

6	Directors' remuneration	2017	2016
		£	£
	Remuneration for qualifying services	357,747	329,411
	Company pension contributions to defined contribution schemes	28,932	28,932
		<u>386,679</u>	<u>358,343</u>
	The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 2 (2016 - 2).		
	Remuneration disclosed above include the following amounts paid to the highest paid director:		
	Remuneration for qualifying services	219,685	171,732
	Company pension contributions to defined contribution schemes	10,773	18,159
		<u>230,458</u>	<u>189,891</u>
7	Interest receivable and similar income	2017	2016
		£	£
	Interest income		
	Interest on bank deposits	9,674	674
		<u>9,674</u>	<u>674</u>
	Investment income includes the following:		
	Interest on financial assets not measured at fair value through profit or loss	9,674	674
		<u>9,674</u>	<u>674</u>
8	Interest payable and similar charges	2017	2016
		£	£
	Interest on financial liabilities measured at amortised cost:		
	Bank loan interest	58,451	55,812
		<u>58,451</u>	<u>55,812</u>
9	Taxation	2017	2016
		£	£
	Current tax		
	Total UK current tax	-	-
	Foreign current tax on profits for the current period	-	423
	Adjustments in foreign tax in respect of prior periods	-	3,860
		<u>-</u>	<u>4,283</u>
	Total current tax	-	4,283
	Total tax charge	<u>-</u>	<u>4,283</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

9 Taxation

(Continued)

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

	2017	2016
	£	£
Loss before taxation	(278,300)	(1,286,139)
Expected tax charge based on a corporation tax rate of 20.00% (2016 - 20.00%)	(55,660)	(257,228)
Tax effect of expenses that are not deductible in determining taxable profit	1,317	1,146
Unutilised tax losses carried forward	60,178	250,281
Depreciation add back	52,744	54,794
Capital allowances	(58,666)	(45,625)
Other tax adjustments	87	915
Tax expense for the year	-	4,283

The company has trading losses of £8,094,146 (2016: £7,793,256) and unrelieved foreign tax of £4,283 (2016: £4,283) available for carry forward against future trading profits.

A net deferred tax asset of £1,292,901 (2016: £1,327,844) calculated at a rate of 17% (2016: 18%) has not been included in the accounts due to the uncertainty of the period over which it will be recovered.

10 Dividends

	2017	2016
	£	£
Dividends on non-equity shares:		
Preference dividend accrued	447,392	383,464
	447,392	383,464

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

11 Tangible fixed assets

	Short leasehold land and buildings	Plant and Fixtures, fittings machinery and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 April 2016	1,629,123	1,558,369	74,032	404,948
Additions	19,876	158,941	5,277	21,638
Disposals	(7,181)	(128,688)	-	(15,955)
At 31 March 2017	1,641,818	1,588,622	79,309	410,631
Depreciation and impairment				
At 1 April 2016	737,573	1,028,040	68,532	307,015
Depreciation charged in the year	89,316	118,993	2,062	53,351
Eliminated in respect of disposals	(7,181)	(126,831)	-	(15,955)
At 31 March 2017	819,708	1,020,202	70,594	344,411
Carrying amount				
At 31 March 2017	822,110	568,420	8,715	66,220
At 31 March 2016	891,550	530,329	5,500	97,933

12 Financial instruments

	2017 £	2016 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	3,032,774	3,515,945
Carrying amount of financial liabilities		
Measured at amortised cost	9,857,409	9,452,026

13 Stocks

	2017 £	2016 £
Raw materials and consumables	684,170	567,181
Finished goods and goods for resale	778,019	428,196
	1,462,189	995,377

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

14 Debtors

	2017	2016
	£	£
Amounts falling due within one year:		
Trade debtors	2,355,729	2,285,350
Amounts due from fellow group undertaking	-	702,056
Other debtors	677,045	524,679
Prepayments and accrued income	97,627	63,279
	<u>3,130,401</u>	<u>3,575,364</u>

15 Loans

	2017	2016
	£	£
Bank loan	2,564,103	2,371,542
Redeemable preference shares	1,500,000	1,500,000
	<u>4,064,103</u>	<u>3,871,542</u>
Payable within one year	4,064,103	1,500,000
Payable after one year	-	2,371,542
	<u>4,064,103</u>	<u>3,871,542</u>

The bank loan, denominated in Euros, is secured/guaranteed by a standby letter of credit supported by Unichem Laboratories Limited, the company's parent. Unichem Laboratories Limited has confirmed that it will continue to provide this support for the foreseeable future. The loan bears interest at LIBOR plus 2.5% per annum and is repayable in full at the end of the loan term. Interest is payable on a quarterly basis.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

16 Creditors: amounts falling due within one year

	Notes	2017 £	2016 as restated £
Loans and overdrafts	15	4,064,103	1,500,000
Trade creditors		431,146	404,932
Amount due to parent undertaking		2,816,167	3,074,276
Other taxation and social security		185,865	266,545
Preference dividends accrued		2,457,045	2,009,653
Other creditors		19,803	19,373
Accruals and deferred income		69,145	72,250
		<u>10,043,274</u>	<u>7,347,029</u>

1,500,000 12% redeemable preference shares of £1 each are redeemable at the option of the company or shareholder at any time.

In accordance with the requirements of FRS 102, the redeemable preference shares are now shown as creditors due within one year and the comparative figure has been restated accordingly.

The accrued preference dividends will only be paid when the company has profit and loss reserves available to enable it to do so.

17 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Bank loan (see note 15)	-	2,371,542
	<u>-</u>	<u>2,371,542</u>

18 Share capital

	2017 £	2016 as restated £
Ordinary share capital		
Issued and fully paid		
375,000 Ordinary A shares of £1 each	375,000	375,000
250,000 Ordinary B shares of £1 each	250,000	250,000
	<u>625,000</u>	<u>625,000</u>

In accordance with the requirements of FRS 102, the redeemable preference shares are now shown as creditors due within one year and the comparative figure has been restated accordingly (see Note 16).

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

19 Retirement benefit schemes

	2017	2016
Defined contribution schemes	£	£
Charge to profit or loss in respect of defined contribution schemes	<u>196,638</u>	<u>182,693</u>

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.

20 Profit and loss reserves

	2017	2016
	£	£
At beginning of year	(5,446,911)	(3,773,025)
Loss for the year	(278,300)	(1,290,422)
Preference dividends accrued	(447,392)	(383,464)
At end of year	<u>(6,172,603)</u>	<u>(5,446,911)</u>

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

21 Capital redemption reserve

	2017	2016
	£	£
At beginning and end of year	1,625,000	1,625,000

22 Related party transactions

The company in its normal course of business purchased goods from its parent company, Unichem Laboratories Limited. During the year this amounted to £2,581,963 (2016: £1,885,032).

At 31 March 2017 the company owed an amount of £2,818,418 (2016: £3,080,156) to Unichem Laboratories Limited (equivalent of £2,730,946 prior to retranslation at year-end exchange rates) and was owed £2,252 (2016: £5,880) by Unichem Laboratories Limited.

During the year the company recharged product licence costs to Unichem Laboratories Limited (Ireland), a fellow subsidiary company, for an amount of £nil (2016: £51,337). During the year, staff costs and associated expenses were also recharged by the company to Unichem Laboratories Limited (Ireland) amounting to £87,487 (2016: £83,028). During the year the company in the normal course of business sold goods to Unichem Laboratories Limited (Ireland) for an amount of £11,073 (2016: £27,564) (equivalent of €12,925) and purchased licences from Unichem Laboratories Limited (Ireland) for an amount of £37,098 (2016: £23,081) (equivalent of €46,136).

At 31 March 2016 the company was owed an amount of £nil (2016: £702,056) by Unichem Laboratories Limited (Ireland).

23 Financial commitments, guarantees and contingent liabilities

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

The Company profoundly disagrees with the EC's findings and is vigorously challenging the EC decision before the European Courts and have it overturned.

Both the Company and its parent company submitted appeals in September 2014 to the EU General Court. The appeal is scheduled to be heard in June 2017 and the outcome of the appeal is likely to follow some months after (early 2018 at the earliest), as advised by the Company's lawyers.

The Company has asked that the decision and the fine be annulled in their entirety or, in the alternative, the fine be reduced.

NICHE GENERICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

24 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:

	2017	2016
	£	£
Within one year	199,289	177,921
Between two and five years	716,399	675,686
In over five years	773,816	729,091
	<u>1,689,504</u>	<u>1,582,698</u>

25 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.

26 Cash generated from operations

	2017	2016
	£	£
Loss for the year	(278,300)	(1,290,422)
Adjustments for:		
Income tax expense	-	4,283
Finance costs	58,451	55,812
Investment income	(9,674)	(674)
Loss on disposal of tangible fixed assets	1,857	238
Depreciation and impairment of tangible fixed assets	263,722	273,968
Foreign exchange on bank loans	192,561	201,843
Movements in working capital:		
(Increase)/decrease in stocks	(466,812)	156,259
Decrease/(increase) in debtors	444,963	(820,343)
(Decrease)/increase in creditors	(315,250)	1,824,525
Cash (absorbed by)/generated from operations	<u>(108,482)</u>	<u>405,489</u>

NICHE GENERICS LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2017

		2017		2016
	£	£	£	£
Turnover				
Sales of goods		10,772,400		8,418,586
Cost of sales				
Opening stock of finished goods	995,377		1,151,636	
Finished goods purchases	5,240,058		3,703,831	
Closing stock of finished goods	(1,462,189)		(995,377)	
		<u>(4,773,246)</u>		<u>(3,860,090)</u>
Gross profit	55.69%	5,999,154	54.15%	4,558,496
Administrative expenses		<u>(6,228,677)</u>		<u>(5,789,497)</u>
Operating loss		(229,523)		(1,231,001)
Investment revenues				
Bank interest received	9,674		674	
		<u>9,674</u>		<u>674</u>
Interest payable and similar charges				
Loan interest		(58,451)		(55,812)
Loss before taxation	2.58%	<u>(278,300)</u>	15.28%	<u>(1,286,139)</u>

NICHE GENERICS LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	£	£
Administrative expenses		
Wages and salaries	3,129,075	2,720,437
Social security costs	394,213	339,850
Staff recruitment costs	11,496	18,031
Staff welfare	6,180	4,552
Staff training	(47,757)	16,764
Staff pension costs defined contribution	167,706	153,761
Directors' remuneration	335,046	314,793
Directors' pension costs - defined contribution scheme	28,932	28,932
Rent re operating leases	213,855	184,986
Rates	34,228	33,875
Cleaning	6,814	6,579
Waste disposal	23,042	27,289
Power, light and heat	92,029	90,942
Repairs and maintenance	247,078	215,403
Insurance	60,631	60,791
Hire of plant	25,357	24,791
Motor running expenses	4,555	4,067
Travelling expenses	75,439	68,735
Couriers	13,077	12,998
Subscriptions and donations	16,529	24,419
Legal, professional and consultancy fees	145,730	139,409
Licence fees	139,147	124,806
Health and safety	2,507	1,586
Audit and accountancy	18,000	18,000
Bank charges	5,528	3,913
Health insurance	98,966	71,455
Printing and stationery	16,131	18,962
Laboratory chemicals	9,511	10,767
Advertising	350	350
Telecommunications	47,442	50,084
Canteen	12,393	10,931
Entertaining	3,070	4,331
Sundry expenses	(34)	4,642
Contract analysis	177,271	191,014
Consumables	222,443	171,188
Depreciation	263,722	273,968
Profit or loss on sale of tangible assets	1,857	238
Profit or loss on foreign exchange	227,118	341,858
	<u>6,228,677</u>	<u>5,789,497</u>