Company Registration No. 02992795

RANBAXY (U.K.) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

CONTENTS

COMPANY INFORMATION

DIRECTORS	Mr N Sharma Ms Hellen de Kloet Mr Prashant Savla
REGISTERED OFFICE	5th Floor, Hyde Park Hayes 3 11 Millington Road, Hayes Middlesex, UB3 4AZ
BANKERS	HSBC Bank Plc 92 Kensington High Street Kensington London W8 4SH
AUDITOR	Moore Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
COMPANY NUMBER	02992795

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

Financial overview

Turnover for the year ended 31 March 2020 was £29.9m (2019: £28.4m), an increase of 5%. Gross profit for the year ended 31 March 2020 was £4.9m (2019: £4.6m), an increase of 7%. The profit before tax for the year was £0.98m compared to £0.82m during 2019.

Turnover

Turnover for the year increased by 5% compared to 2019. This is due to growth of sales in core molecules through existing sales channels and successfully harnessing certain market opportunities. Third party sales remained consistently strong however there continues to be strong competition in existing molecules across the business.

Gross Profit

Gross profit increased by 7% compared to 2019 with a marginal increase in gross margin from 16% to 17%. The increase in gross profit margin is due to certain changes to the product mix. The company continues to focus on driving profitability by bringing new molecules to market.

Operating Costs

In line with strategy, resources continue to be utilised in bringing products to market from which the company will benefit in the years to come. The company continues to monitor its cost base to ensure that profitability is maximised. Administrative costs have decreased by 3% compared to last year and distribution costs have increased by 31% compared to 2019. The increase in distribution costs is a combination of increased sales, geographic spread of actual deliveries and one -time costs associated with a change in the warehouse service provider. Decrease in administrative costs is due to a restructuring of certain activities.

Financial Position

The financial position of the company remains strong with net current assets (excluding deferred tax) of £16.1m (2019: £15.1m) and net assets of £16.5m (2019: £15.7m). This position is expected to strengthen in line with future strategy.

Strategy

The company continues to focus on delivering results. Resources have been directed to ensure that future launches are forthcoming and that the company reaches the market at the earliest opportunity. This drive is expected to result in further product launches during the next financial year. The nature of the business will remain unchanged with focus on the UK market and the company will continue to identify and implement efficiencies and cost savings where possible to further improve profitability.

Key Performance Indicators

The company's key performance indicators are turnover and gross profit. The variances in which are set out above together with the reasons for the changes.

PRINCIPAL RISKS AND UNCERTAINTIES

The industry in which the company operates is subject to regulation. Potential future changes in such regulation may impact the company’s ability to generate income, either through decreased revenues, increased expenditure or a combination of both. Failure to comply with relevant laws and regulations can potentially result in the suspension of sales. Management aims to mitigate such potential risk by monitoring for changes in the regulatory environment and where required implement procedures to ensure compliance. The company makes every effort to comply with relevant laws and regulations and internal reviews are conducted to ensure this. As a result, we believe the transition to any potential new legislation will have minimal impact on revenues.

The directors recognise that continued competition puts pressure on our prices and margins. We believe that continued investment in and close management of our product range will enable us to maintain and improve on performance.

Strong competition in the generics market results in increased customer credit risk. The company minimises this risk by monitoring customers on an account level basis.

Foreign exchange risk is mitigated as far as possible by hedging costs against income streams in respective currencies. Foreign exchange risk arises from the purchase of third party stocks in Euro. These stocks make up a relatively small proportion of total stocks.

The directors have considered the impact of the Covid-19 pandemic, and the measures taken to contain it, on the company and because of the nature of the company's activities they do not consider that there will be any significant effect on the ability of the company to continue in business and meet its liabilities as they fall due.

This report was approved by the Board on 07 May 2020.
On behalf of the Board

Mr Neeraj Sharma
Director
Ranbaxy (U.K.) Limited
5th Floor, Hyde Park Hayes 3
11 Millington Road, Hayes, UB3 4AZ

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements for the year ended 31 March 2020.

1. PRINCIPAL ACTIVITY
The company's principal activity comprises the distribution of generic and branded generic pharmaceuticals to wholesalers and pharmacy chains.

2. RESULTS AND DIVIDENDS
The directors report the result for the year as shown in the Statement of income and retained earnings on page 7.

The directors do not recommend the payment of a dividend (2019 - £nil).

3. DIRECTORS AND DIRECTORS' INTERESTS
The present directors of the company are set out on Page 2 .

The directors who held office during the year are as follows:

Ms Hellen de Kloet
Mr N Sharma
Mr Prashant Savla

4. STRATEGIC REPORT
In accordance with section 414c (11) of the Companies Act 2006, the information relating to future developments and financial risk management is included in the Strategic Report.

5. AUDITOR
Pursuant to Section 487 (2) of the Companies Act 2006, the auditor will be deemed to be reappointed and Moore Kingston Smith LLP will therefore continue in office.

6. DISCLOSURE OF INFORMATION TO AUDITOR
The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

7. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC AND DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS
The directors are responsible for preparing the Strategic and Directors' Reports and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial period. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice including FRS 102, 'The Financial Reporting Standard' applicable in the UK and Republic of Ireland.

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 judgments and estimates that are reasonable and prudent;
• state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
• 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.

This report was approved by the Board on 07 May 2020.
On behalf of the Board

Mr Neeraj Sharma
Director
Ranbaxy (U.K.) Limited
5th Floor, Hyde Park Hayes 3
11 Millington Road, Hayes
Middlesex, UB3 4AZ

Opinion
We have audited the financial statements of Ranbaxy (U.K.) Limited for the year ended 31 March 2020 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the audit of 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.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 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 judgement 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 purposes 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 for no purpose other than to draw to the attention of the company’s members those matters which we are required to include in an auditor’s report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company’s members as a body, for our work, for this report, or for the opinions we have formed.

Janice Riches (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP

Chartered Accountants
Statutory Auditor
Devonshire House
60 Goswell Road
London
EC1M 7AD
07 May 2020

STATEMENT OF INCOME AND RETAINED EARNINGS
for the year ended 31 March 2020

	Notes	2020 £	2019 £
Turnover	**3**	**29,894,945**	28,445,912
Cost of Sales		**(24,959,389)**	(23,813,417)
Gross Profit		**4,935,556**	4,632,495
Distribution costs		**(1,477,557)**	(1,126,544)
Administrative expenses		**(2,949,214)**	(3,053,560)
Other operating income	**4**	**470,099**	363,595
Operating profit and Profit before taxation	**4**	**978,884**	815,986
Tax charge	**7**	**(224,334)**	(165,051)
Retained profit		**754,550**	650,935
Profit for the financial year and total comprehensive income		**754,550**	650,935
Accumulated loss at the start of the year		**(6,037,171)**	(6,688,106)
Accumulated loss at the end of the year		**(5,282,621)**	(6,037,171)

There were no recognised gains or losses other than the profit for the financial year. The statement of income and retained earnings has been prepared on the basis that all operations are continuing operations.

The notes on pages 9 - 15 form part of the financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 March 2020

	Notes		2020 £		2019 £
FIXED ASSETS					
Intangible assets	8		-		-
Tangible assets	9		8,582		10,995
			8,582		10,995
CURRENT ASSETS					
Stocks	10	6,201,362		6,886,572	
Debtors					
- due within one year	11	21,153,170		14,919,670	
- due after one year	11	209,050		399,635	
Cash at bank and in hand		2,331,147		7,038,622	
		29,894,729		29,244,499	
CREDITORS: amounts falling due within one year	12	(13,435,932)		(13,542,665)	
NET CURRENT ASSETS			16,458,797		15,701,834
TOTAL ASSETS LESS CURRENT LIABILITIES			16,467,379		15,712,829
CAPITAL AND RESERVES					
Share capital	14		21,750,000		21,750,000
Profit & Loss Account			(5,282,621)		(6,037,171)
TOTAL EQUITY SHAREHOLDERS' FUNDS			16,467,379		15,712,829

The notes on pages 9 - 15 form part of the financial statements.

These financial statements were approved by the Board of Directors and authorised for issue on 07 May 2020.

Mr Neeraj Sharma
Director

1.

ACCOUNTING POLICIES

1.1 ***Company Information***

Ranbaxy (U.K.) Limited is a private company limited by shares which is domiciled and incorporated in England and Wales. The registered office is 5th Floor, Hyde Park Hayes 3, 11 Millington Road, Hayes, Middlesex, UB3 4AZ.

Accounting Convention

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

1.2 ***Reduced Disclosures***

In accordance with FRS 102, the company has taken advantage of the exemptions from the following disclosure requirements :
Section 7 'Statement of Cash Flows' and related notes and disclosures.
Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' -11.42 Disclosure of terms and conditions of related party debt; and

1.3 ***Intangible fixed assets and amortisation***

Intangible fixed assets are stated at cost less accumulated amortisation. Amortisation is provided on all intangible fixed assets to write off the costs, less estimated residual value, of each asset on a straight line basis over its expected useful life. Product licences (third party), including the associated costs of research and data collection, are amortised over the term of the licence from the product launch date.

1.4 ***Tangible fixed assets and depreciation***

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment losses. Depreciation is provided on all tangible fixed assets at rates estimated to write off the cost, less estimated residual value, of each asset on a straight line basis over its expected useful life, as follows:

Office equipment	5 years
Computer equipment & software	3 years

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

1.5 ***Impairment of fixed assets***

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.
An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount and is recognised in the income statement.
The recoverable amount of fixed assets is the greater of their net realisable value and value in use.
In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment.

1.6 ***Stocks***

Stocks are stated at the lower of cost and estimated net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition. Cost is determined on a weighted average basis.

1.7 ***Taxation***

The tax expense represents the sum of the tax currently payable and deferred tax.

Deferred Tax

Deferred tax liabilities are generally recognised for all timing differences.
Deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or future taxable profits.
The carrying amount of the deferred tax asset is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.
Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from the net profit as reported in the income statement 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 the rates that have been enacted or substantively enacted by the reporting end date.

1.8 **Cash and cash equivalents**

Cash and cash equivalents include deposits held at call with banks.

ACCOUNTING POLICIES (continued)

1.9 **Financial instruments**
Basic financial instruments are measured at cost. The company has no other financial instruments or basic financial instruments measured at fair value.

1.10 **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.

1.11 ***Income Recognition***
Turnover represents amounts receivable for goods net of trade discounts, VAT and other related taxes. Turnover is recognised on delivery of goods to customers.

Turnover relating to distributor arrangements is net of accruals made for expected market price changes in accordance with terms agreed.

Other operating income is recognised on completion or performance of activities to the extent that settlement is probable. In the case of contractual licensing arrangements income is recognised where the rights to consideration have arisen on the performance of key milestones at a fair value of the service provided as a proportion of the total fair value of the contract.

1.12 ***Operating leases***
Rentals under operating leases are charged to the income statement on a straight line basis over the lease term.

1.13 ***Foreign currencies***
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All exchange differences are recognised in the income statement.

1.14 ***Pensions***
The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from the company. Contributions payable to the scheme in respect of the accounting period are charged to the income statement.

1.15 ***Employee Benefits***
The cost of short term employee benefits are recognised as a liability and an expense.

The cost of 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.

1.16 ***Going concern***
The company's business activities, together with the factors likely to affect its future development and position, are set out in the Strategic Report. The financial position of the company, its liquidity position and borrowing facilities are also described in the Strategic Report together with principal risks and uncertainties affecting the business.

The company has sufficient current assets to cover its liabilities. As a consequence, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.
The directors have considered the impact of the Covid-19 pandemic, and the measures taken to contain it, on the company and because of the nature of the company's activities they do not consider that there will be any significant effect on the ability of the company to continue in business and meet its liabilities as they fall due. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINITY

While applying accounting policies described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that may not be apparent and readily available from other sources. Estimates and assumptions are based on past experience and any other relevant factors. 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, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Key sources of estimation uncertainty

Stock Provision
The company assesses the value of stock for any impairment at the end of each reporting period. Management consider factors including batch expiry dates, historical experience of sales and orders held. See note 10 for the net carrying amount of stock and associated impairment provisions.

Deferred tax
Deferred tax assets are recognised when the Directors consider it is probable that they will be recovered against future taxable profits. The directors consider that in the forthcoming financial periods, based on forecast results, sufficient taxable profits will be generated to utilise the deferred tax assets included in the statement of financial position.

Bad Debt Provision
The company makes an estimate of the recoverable value of trade and other debtors. When assessing impairment of trade and other debtors, management considers factors including the aged profile of debtors and historical experience. See note 11 for the net carrying amount of debtors and associated impairment provisions.

Bonus Provision
The company operates a bonus scheme for most employees based on achieving certain business results as well as personal metrics. The accounts include a provision for the bonuses due for the year based on the latest assessment of the likelihood of relevant employees achieving their set goals and targets.

3. ANALYSIS OF TURNOVER

The analysis of turnover, all derived from the sale of generic pharmaceutical products, was as follows:

Turnover by geographical destination

	2020	2019
	£	£
UK	**29,468,382**	28,016,554
Rest of Europe	**426,563**	429,358
Total	**29,894,945**	28,445,912

4. OPERATING PROFIT

Operating Profit is stated after charging/(crediting):	**2020**	2019
	£	£
Depreciation of tangible fixed assets	**6,049**	5,340
Foreign exchange loss	**53,247**	62,701
Inventories recognised as an expense	**24,959,389**	23,813,417
Operating lease rental of building including service charges	**127,130**	121,988
Amounts payable to the auditors, in respect of:		
Audit of these financial statements	**23,500**	23,500
Audit - related assurance services	**16,550**	16,550
Tax and other services	**7,500**	7,500
Other operating income includes:		
Income from granting marketing/distribution rights	**-**	15,622
Management Services	**370,295**	343,259
Others	**99,804**	4,714
	470,099	363,595

5. DIRECTORS' EMOLUMENTS

	2020	2019
	£	£
Emoluments for the directors during the year were:		
Remuneration for services as director	-	525
	-	525

Directors were also remunerated by fellow group companies. Where remuneration was paid to directors by fellow group companies it did not include any amounts in respect of qualifying services for Ranbaxy (U.K.) Limited and is not included above.

The remuneration of key management personnel who are also directors is £Nil (2019 £525)

6. EMPLOYEE NUMBERS AND REMUNERATION

	2020	2019
Aggregate payroll costs, including directors, were as follows:	£	£
Wages and salaries	1,086,753	1,289,864
Social security costs	122,429	140,968
Pension costs	91,757	103,072
	1,300,939	1,533,904

As at the balance sheet date, pension contributions amounting to £13,262 (2019: £12,959) were included in other creditors.
Average monthly number of employees, analysed by category was as follows:

	2020	2019
	Nos.	Nos.
Sales	4	4
Administration	11	13
	15	17

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2020	2019
	£	£
UK corporation tax on profits for the current period	4,430	-
Adjustment in respect of prior years	-	19,893
Current year tax charge	4,430	19,893
Deferred tax charge (see note 13)	219,904	145,158
Total tax charge	224,334	165,051

Factors affecting the tax charge for the year.

The tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%)

The difference is explained as follows:

	2020	2019
Profit on ordinary activities before taxation	978,884	815,986
Profit on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom at 19% (2019: 19%)	185,988	155,037
Effect of:		
Expenses not deductible for tax purposes	-	(9,879)
Deferred tax provided at different rate	38,346	-
Adjustment for previous year tax	-	19,893
Tax expense for the year.	224,334	165,051

Factors that may affect future, current and total tax charges
The standard rate of corporation tax is 19%. Changes to the UK corporation tax rates to reduce the rate to 17% from 1 April 2020 were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). Deferred tax balances at the balance sheet date have been measured using this enacted tax rate.

There is now a proposal to maintain the main corporation tax rate at 19%. This proposal does not constitute a substantive enactment and therefore deferred taxes at the balance sheet date continue to be measured at the enacted tax rate of 17%. However, it is possible that the corporation tax rate remains at 19% after 1 April 2020.

8. INTANGIBLE FIXED ASSETS

	Product Licences
At Cost	**£**
As at 1 April 2019 and 31 March 2020	**168,620**
Amortisation and impairment	
As at 1 April 2019 and 31 March 2020	**168,620**
Net book value :	
31 March 2020	**-**
31 March 2019	-

9. TANGIBLE FIXED ASSETS

	Office equipment	Computer equipment & software	Total
	£	**£**	**£**
At Cost:			
1 April 2019	17,212	44,921	62,133
Additions		3,636	3,636
Disposals	-	-	-
31 March 2020	**17,212**	**48,557**	**65,769**
Depreciation:			
1 April 2019	15,765	35,373	51,138
Charge for the year	663	5,386	6,049
Disposals			-
31 March 2020	**16,428**	**40,759**	**57,187**
Net book value :			
31 March 2020	**784**	**7,798**	**8,582**
31 March 2019	1,447	9,548	10,995

10. STOCKS

	2020	2019
	£	£
Finished goods held for resale	**6,201,362**	6,886,572

Stocks are stated after provision for impairment of £879,514 (2019 : £2,494,388).

11. DEBTORS:

	2020	2019
	£	£
Amounts falling due within one year:		
Trade debtors	**11,427,866**	4,854,326
Amounts due from group undertakings	**243,175**	608,440
Other debtors	**9,246,701**	9,192,677
Prepayments and accrued income	**56,002**	55,482
Deferred tax (see note 13)	**179,426**	208,745
	21,153,170	14,919,670
Amounts falling due after more than one year:		
Other debtors	**16,567**	16,567
Deferred tax (see note 13)	**192,483**	383,068
	209,050	399,635

Trade debtors are stated after provisions for impairment of £Nil (2019 : £Nil).

The company has paid a deposit of €10.3m, which as at 31 March 2020 equated to £8.6m, on behalf of Sun Pharmaceutical Industries Ltd to the EU Commission. The deposit is included in other debtors. Final outcome of the case is expected before March 2021 and hence the amount has been classified as due in less than one year from the balance sheet date.

12. CREDITORS: amounts falling due within one year

	2020	2019
	£	£
Trade creditors	**1,472,590**	727,863
Amounts owed to group undertakings	**9,798,306**	11,498,793
Corporation tax	**4,430**	-
Social security costs and other taxes	**1,332,404**	914,192
Other creditors	**13,306**	12,959
Accruals and deferred income	**814,896**	388,858
	13,435,932	13,542,665

The company has a bank overdraft facility and a composite facility available to use which is secured by a fixed and floating charge over all assets. Interest is charged at 1% over the bank's base rate.
Neither facility was utilised during the year.

13. DEFERRED TAXATION

	2020	2019
	£	£
At 1 April 2019	**591,813**	736,971
Movement in the year	**(219,904)**	(145,158)
At 31 March 2020	**371,909**	591,813

Deferred taxation included in the financial statements is set out below:

	2020	2019
	£	£
Deferred tax asset (liability):		
Decelerated capital allowances	**11,606**	12,479
Other timing differences	**11,334**	10,121
Losses to be utilised	**348,969**	569,213
	371,909	591,813

Factors that may affect future tax charges

The directors have assessed that the taxable losses will be utilised in the next 5 years to justify the inclusion of a deferred tax asset of £0.37 million as at 31 March 2020. This is based upon the fact that the company has generated strong profits for five successive periods having overcome factors causing earlier losses. This is based upon detailed forecasts that the directors have prepared to support their medium term plans.

The rate of UK corporation tax enacted at the balance sheet date is 19% applicable from 1 April 2017 until 31 March 2020 with the rate reducing to 17% from that date. Deferred tax assets and liabilities have been calculated using the 17% rate. However, there is a proposal from the government to maintain the corporation tax rate of 19% from 1 April 2020. There are no other factors that may significantly affect future tax charges.

Based on current plans, the company will have sufficient brought forward tax losses available to offset against future taxable profits for the foreseeable future thereby reducing future tax payments.

14. SHARE CAPITAL

	2020	2019
	£	£
Called up, allotted and fully paid	**21,750,000**	21,750,000
(21,750,000 ordinary shares of £1 each)		

15. FUTURE FINANCIAL COMMITMENTS

Operating Leases

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

	2020	2019
	£	£
Within one year	**126,518**	129,444
In two to five years time	**94,889**	217,274
	221,407	346,718

16. TRANSACTIONS WITH RELATED PARTIES

The Company is exempt from the requirement to disclose transactions with other group companies on the grounds that all of its voting rights are controlled by Sun Pharmaceutical Industries Ltd. and Ranbaxy (U.K.) Limited's results are consolidated within the financial statements of Sun Pharmaceutical Industries Ltd.

Transactions with key management personnel
See note 5 for disclosure of the directors' remuneration and key management compensation.

17. ULTIMATE HOLDING COMPANY

The Company's shares are wholly owned by Sun Pharma (Netherlands) B.V. whose ultimate parent company is Sun Pharmaceutical Industries Ltd.

The smallest and largest group in which the results of the company are consolidated is that of Sun Pharmaceutical Industries Ltd., incorporated in India. The consolidated financial statements of this group are available to the public and may be obtained from the Company Secretary at the Sun Pharma Advanced Research Centre (SPARC), Tandalja, Akota Road, Vadodra - 390020, Gujarat, India.

Sun Pharmaceutical Industries Ltd. is the ultimate parent company. The ultimate controlling party of Sun Pharmaceutical Industries Ltd. is Mr Dilip Shanghvi and his relatives along with persons acting in concert.