

Company Registration No. 04082256 (England and Wales)

**BROWN & BURK UK LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

# BROWN & BURK UK LIMITED

## COMPANY INFORMATION

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|                  |  |                          |
|------------------|--|--------------------------|
| <b>Directors</b> | P S Hiremat<br>A K Jain<br>B Ibrampur<br>J Subramani | (Appointed 1 April 2021) |
|------------------|--|--------------------------|

|                       |          |
|-----------------------|----------|
| <b>Company number</b> | 04082256 |
|-----------------------|----------|

|                          |  |
|--------------------------|--|
| <b>Registered office</b> | Micro House<br>5 Marryat Close<br>Hounslow<br>Middlesex<br>United Kingdom<br>TW4 5DQ |
|--------------------------|--|

|                |   |
|----------------|---|
| <b>Auditor</b> | Azets Audit Services<br>Gladstone House<br>77-79 High Street<br>Egham<br>Surrey<br>United Kingdom<br>TW20 9HY |
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# **BROWN & BURK UK LIMITED**

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# BROWN & BURK UK LIMITED

## STRATEGIC REPORT

### FOR THE YEAR ENDED 31 MARCH 2021

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

#### Fair review of the business

Despite the challenges brought by leaving the EU and the global pandemic, the company broadly maintained the level of turnover achieved in the previous year. There was a significant fall in gross margin as the company increased their smaller customer base focussing on a higher number of transactions at lower margins. Covid-19 resulted in slower moving stock. Management intend to concentrate on their stock management policies to improve margins going forward.

The results also include an exceptional loss arising through the difficulty in obtaining licences for a particular product, causing a reduction in earnings before tax.

The company has set a challenging budget for 2021-22 although we are confident it can be achieved.

Whilst continuing with profitable expansion in the UK, the company has invested in a subsidiary in Ireland and will use that to continue with profitable expansion in the EU over the coming years, increasing its customer base and product offerings.

#### Principal risks and uncertainties

##### Currency risk

The company is exposed to transaction foreign exchange risk. The company minimises the risk by conducting transactions in both GBP£, US\$ and EUR€, whilst monitoring the level of transactions that occur in other currencies. As we believe the company's exposure is minimal we do not specifically seek to hedge that exposure.

##### Liquidity risk

The company's objective is to maintain cash levels in line with cash flow requirements. This is monitored by senior management on a regular basis.

##### Obsolete and slow moving stock risk

The company sells products with an expiry date, stock levels and dates are carefully monitored internally and by a third party to ensure alerts are given and these risks are minimised.

#### Key performance indicators

|  | 2018   | 2019   | 2020   | 2021   |
|--|--------|--------|--------|--------|
|  | £'000  | £'000  | £'000  | £'000  |
| <b>Sales</b>                                 | 14,700 | 19,794 | 21,510 | 20,881 |
| <b>Gross profit</b>                          | 3,325  | 5,684  | 5,706  | 3,389  |
| <b>GP%</b>                                   | 22.62% | 28.80% | 26.53% | 16.23% |
| <b>EBITDA</b>                                | 1,815  | 3,868  | 4,006  | 1,223  |
| <b>Debtor days</b><br>On behalf of the board | 101    | 77     | 105    | 76     |

P S Hiremat

**Director**

9 August 2021

# **BROWN & BURK UK LIMITED**

## **DIRECTORS' REPORT**

***FOR THE YEAR ENDED 31 MARCH 2021***

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The directors present their annual report and financial statements for the year ended 31 March 2021.

### **Principal activities**

The principal activity of the company continued to be that of the sale and distribution of pharmaceutical and healthcare products.

### **Results and dividends**

The results for the year are set out on page 7.

No dividends will be distributed for the year ended 31 March 2021.

### **Directors**

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

P S Hiremat

A K Jain

B Ibrampur

J Subramani

(Appointed 1 April 2021)

### **Auditor**

The auditor, Azets Audit Services (formerly Wilkins Kennedy Audit Services) will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

### **Statement of disclosure to auditor**

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

On behalf of the board

P S Hiremat

**Director**

9 August 2021

## **BROWN & BURK UK LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT**

***FOR THE YEAR ENDED 31 MARCH 2021***

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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.

# **BROWN & BURK UK LIMITED**

## **INDEPENDENT AUDITOR'S REPORT**

### **TO THE MEMBER OF BROWN & BURK UK LIMITED**

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#### **Opinion**

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

In our opinion the financial statements:

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

#### **Basis for 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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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

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

## **BROWN & BURK UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBER OF BROWN & BURK UK LIMITED**

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#### **Matters on which we are required to report by exception**

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

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

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

#### **Responsibilities of directors**

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

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



## **BROWN & BURK UK LIMITED**

### **INDEPENDENT AUDITOR'S REPORT (CONTINUED)**

#### **TO THE MEMBER OF BROWN & BURK UK LIMITED**

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##### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we 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. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. 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.

##### **Use of our report**

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.

**Paul Creasey (Senior Statutory Auditor)**  
**For and on behalf of Azets Audit Services**

9 August 2021

**Chartered Accountants**  
**Statutory Auditor**

Gladstone House  
77-79 High Street  
Egham  
Surrey  
United Kingdom  
TW20 9HY

## BROWN & BURK UK LIMITED

### STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

|   | Notes | 2021<br>£        | 2020<br>£        |
|---|-------|------------------|------------------|
| Turnover                                    | 3     | 20,881,343       | 21,509,785       |
| Cost of sales                               |       | (17,492,814)     | (15,803,817)     |
| <b>Gross profit</b>                         |       | <b>3,388,529</b> | <b>5,705,968</b> |
| Administrative expenses                     |       | (3,616,027)      | (2,688,635)      |
| Exceptional item                            | 4     | (263,550)        | -                |
| <b>Operating (loss)/profit</b>              | 5     | <b>(491,048)</b> | <b>3,017,333</b> |
| Interest receivable and similar income      | 9     | 104              | 495              |
| Interest payable and similar expenses       | 10    | (215,751)        | (251,551)        |
| <b>(Loss)/profit before taxation</b>        |       | <b>(706,695)</b> | <b>2,766,277</b> |
| Tax on (loss)/profit                        | 11    | 129,205          | (538,740)        |
| <b>(Loss)/profit for the financial year</b> |       | <b>(577,490)</b> | <b>2,227,537</b> |

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

# BROWN & BURK UK LIMITED

## BALANCE SHEET

AS AT 31 MARCH 2021

|  | Notes | 2021<br>£   | £          | 2020<br>£    | £          |
|--|-------|-------------|------------|--------------|------------|
| <b>Fixed assets</b>  |       |             |            |              |            |
| Intangible assets  | 12    | 950,000     |            | 3,925,000    |            |
| Tangible assets  | 13    | 220,969     |            | 246,446      |            |
| Investments  | 14    | 203,838     |            | 203,837      |            |
|  |       |             | 1,374,807  |              | 4,375,283  |
| <b>Current assets</b>  |       |             |            |              |            |
| Stocks   | 16    | 8,566,042   |            | 9,295,733    |            |
| Debtors  | 17    | 5,044,165   |            | 6,411,730    |            |
| Cash at bank and in hand                                       |       | 1,529,929   |            | 3,304,785    |            |
|  |       |             | 15,140,136 |              | 19,012,248 |
| <b>Creditors: amounts falling due within one year</b>          | 18    | (6,122,502) |            | (12,365,160) |            |
| <b>Net current assets</b>                                      |       |             | 9,017,634  |              | 6,647,088  |
| <b>Total assets less current liabilities</b>                   |       |             | 10,392,441 |              | 11,022,371 |
| <b>Creditors: amounts falling due after more than one year</b> | 19    | (4,737,500) |            | (4,789,940)  |            |
| <b>Net assets</b>  |       |             | 5,654,941  |              | 6,232,431  |
| <b>Capital and reserves</b>                                    |       |             |            |              |            |
| Called up share capital  | 22    | 20,002      |            | 20,002       |            |
| Profit and loss reserves                                       |       | 5,634,939   |            | 6,212,429    |            |
| <b>Total equity</b>  |       |             | 5,654,941  |              | 6,232,431  |

The financial statements were approved by the board of directors and authorised for issue on 9 August 2021 and are signed on its behalf by:

P S Hiremat  
Director

Company Registration No. 04082256

## BROWN & BURK UK LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

|  | Share capital | Profit and<br>loss reserves | Total     |
|--|---------------|-----------------------------|-----------|
|  | £             | £                           | £         |
| Balance at 1 April 2019                            | 20,002        | 3,984,892                   | 4,004,894 |
| Year ended 31 March 2020:                          |               |                             |           |
| Profit and total comprehensive income for the year | -             | 2,227,537                   | 2,227,537 |
| Balance at 31 March 2020                           | 20,002        | 6,212,429                   | 6,232,431 |
| Year ended 31 March 2021:                          |               |                             |           |
| Loss and total comprehensive income for the year   | -             | (577,490)                   | (577,490) |
| Balance at 31 March 2021                           | 20,002        | 5,634,939                   | 5,654,941 |

# **BROWN & BURK UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

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### **1 Accounting policies**

#### **Company information**

Brown & Burk UK Limited is a private company limited by shares incorporated in England and Wales. The registered office is Micro House, 5 Marryat Close, Hounslow, Middlesex, United Kingdom, TW4 5DQ. The company's principal place of business is 6 - 9 The Square, Stockley Park, Middlesex, United Kingdom, UB11 1FW.

#### **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.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows': Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures': Compensation for key management personnel.

The company has taken advantage of the exemption under section 401 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

Brown & Burk UK Limited is a wholly owned subsidiary of Micro Labs Limited, a company incorporated in India and the results of Brown & Burk UK Limited are included in the consolidated financial statements of Micro Labs Limited which are available from 26 Race Course Road, Madhava Nagar, Gandhi Nagar, Bengaluru 560001, India.

#### **1.2 Going concern**

The directors have prepared detailed financial forecasts in to 2022 based on assumptions that the directors consider to be achievable. In preparing these forecasts the directors have considered the potential continued impact of Covid-19.

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

# BROWN & BURK UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### 1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover from the sale of goods is recognised when the significant risks and rewards of ownership of the goods has transferred to the buyer. This is usually at the point that the customer has signed for the delivery of the goods.

#### 1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives and is charged to administrative expenses on the following bases:

|                    |             |
|--------------------|-------------|
| Patents & licences | 25% on cost |
|--------------------|-------------|

#### 1.5 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 recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

|                    |             |
|--------------------|-------------|
| Freehold property  | 2% on cost  |
| Computer equipment | 25% on cost |
| Motor vehicles     | 25% on cost |

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.

#### 1.6 Fixed asset investments

Interests in subsidiaries are measured at cost less provision for impairment.

#### 1.7 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.

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.

# BROWN & BURK UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### 1.8 Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowances for obsolete and slow moving items. The cost of stock is determined using the first in first out (FIFO) method.

#### 1.9 Cash at bank and in hand

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

#### 1.10 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.

##### **Other financial assets**

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### **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.

##### **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.

# BROWN & BURK UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

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### 1 Accounting policies

(Continued)

#### **Other financial liabilities**

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

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

#### **Derecognition of financial liabilities**

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

### 1.11 Taxation

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

#### **Current tax**

Current tax is recognised for the amount of income tax payable in respect of the taxable profit for the current or past reporting periods using tax rates that have been enacted or substantively enacted by the reporting date.

#### **Deferred tax**

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against future taxable profits or against the reversal of deferred tax liabilities.

Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

### 1.12 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.

### 1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.



# **BROWN & BURK UK LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEAR ENDED 31 MARCH 2021**

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### **1 Accounting policies**

**(Continued)**

#### **1.14 Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

#### **1.15 Foreign exchange**

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

#### **1.16 Trade and other receivables**

Trade and other receivables are measured at transaction price less any impairment unless the arrangement constitutes a financing transaction in which case the transaction is measured at the present value of the future receipts discounted at the prevailing market rate of interest. Loans are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method less any impairment.

#### **1.17 Trade and other payables**

Trade and other payables are measured at their transaction price unless the arrangement constitutes a financing transaction in which case the transaction is measured at present value of future payments discounted at prevailing market rate of interest. Other financial liabilities are initially measured at fair value net of their transaction costs. They are subsequently measured at amortised cost using the effective interest method.

# BROWN & BURK UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 2 Judgements and key sources of estimation uncertainty

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

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

The key judgements and sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

#### Valuation of intangible assets

The carrying value of intangible assets is reviewed for indicators of impairment by reference to the underlying gross profit.

#### Valuation of investments

The carrying value of investments in subsidiaries is reviewed for indicators of impairment by reference to the performance and balance sheet of the underlying subsidiary.

#### Valuation of stock

Stock is measured at the lower of cost and net realisable value. Stock provisions are made where products are nearing their expiry date and management determine the stock may become obsolete.

#### Bad debt provision

Trade debtors are reviewed periodically and provisions are made for old balances that may not be recoverable.

### 3 Turnover and other revenue

|   | 2021<br>£         | 2020<br>£         |
|---|-------------------|-------------------|
| <b>Turnover analysed by geographical market</b> |                   |                   |
| United Kingdom                                  | 19,895,485        | 21,059,813        |
| Europe  | 985,858           | 449,972           |
|   | <u>20,881,343</u> | <u>21,509,785</u> |

### 4 Exceptional item

|                    | 2021<br>£      | 2020<br>£ |
|--------------------|----------------|-----------|
| <b>Expenditure</b> |                |           |
| Exceptional item   | 263,550        | -         |
|                    | <u>263,550</u> | <u>-</u>  |

During the year the company disposed of a license held as an intangible asset. As a result of this profit share from 2018 to the date of disposal was payable and has been included as an exceptional item.

# BROWN & BURK UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 5 Operating (loss)/profit

|  | 2021              | 2020              |
|--|-------------------|-------------------|
|  | £                 | £                 |
| Operating (loss)/profit for the year is stated after charging/(crediting):   |                   |                   |
| Exchange differences apart from those arising on financial instruments measured at fair value through profit or loss | 9,847             | (16,570)          |
| Depreciation of owned tangible fixed assets  | 12,924            | 12,877            |
| Depreciation of tangible fixed assets held under finance leases  | 25,326            | 25,326            |
| Amortisation of intangible assets  | 1,576,250         | 950,000           |
| Operating lease charges  | 75,165            | 63,989            |
|  | <u>          </u> | <u>          </u> |

### 6 Auditor's remuneration

|   | 2021              | 2020              |
|---|-------------------|-------------------|
|   | £                 | £                 |
| Fees payable to the company's auditor and associates: |                   |                   |
| <b>For audit services</b>                             |                   |                   |
| Audit of the financial statements of the company      | 21,100            | 19,900            |
|   | <u>          </u> | <u>          </u> |
| <b>For other services</b>                             |                   |                   |
| Other taxation services                               | 421               | 575               |
| All other non-audit services                          | 97,031            | 58,600            |
|   | <u>          </u> | <u>          </u> |
|   | 97,452            | 59,175            |
|   | <u>          </u> | <u>          </u> |

### 7 Employees

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

|                          | 2021              | 2020              |
|--------------------------|-------------------|-------------------|
|                          | Number            | Number            |
| Sales and administration | 8                 | 6                 |
| Directors                | 1                 | 1                 |
|                          | <u>          </u> | <u>          </u> |
| Total                    | 9                 | 7                 |
|                          | <u>          </u> | <u>          </u> |

Their aggregate remuneration comprised:

|                       | 2021              | 2020              |
|-----------------------|-------------------|-------------------|
|                       | £                 | £                 |
| Wages and salaries    | 486,805           | 462,673           |
| Social security costs | 46,168            | 52,441            |
| Pension costs         | 93,929            | 12,672            |
|                       | <u>          </u> | <u>          </u> |
|                       | 626,902           | 527,786           |
|                       | <u>          </u> | <u>          </u> |

# BROWN & BURK UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 8 Directors' remuneration

|   | 2021<br>£      | 2020<br>£      |
|---|----------------|----------------|
| Remuneration for qualifying services                          | 117,821        | 114,000        |
| Company pension contributions to defined contribution schemes | 83,469         | 3,420          |
|   | <u>201,290</u> | <u>117,420</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2020 - 1).

Only one director is remunerated via the company and hence he is the highest paid director. Refer to Note 24 for Related party transactions.

### 9 Interest receivable and similar income

|                           | 2021<br>£  | 2020<br>£  |
|---------------------------|------------|------------|
| <b>Interest income</b>    |            |            |
| Interest on bank deposits | 104        | 495        |
|                           | <u>104</u> | <u>495</u> |

### 10 Interest payable and similar expenses

|  | 2021<br>£      | 2020<br>£      |
|--|----------------|----------------|
| Interest payable to group undertakings                 | 214,893        | 244,328        |
| Interest on finance leases and hire purchase contracts | 858            | 979            |
| Other interest   | -              | 6,244          |
|  | <u>215,751</u> | <u>251,551</u> |

### 11 Taxation

|  | 2021<br>£        | 2020<br>£      |
|--|------------------|----------------|
| <b>Current tax</b>                                   |                  |                |
| UK corporation tax on profits for the current period | (129,205)        | 538,740        |
|  | <u>(129,205)</u> | <u>538,740</u> |

# BROWN & BURK UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 11 Taxation

(Continued)

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

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| (Loss)/profit before taxation   | (706,695) | 2,766,277 |
| Expected tax (credit)/charge based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%) | (134,272) | 525,593   |
| Tax effect of expenses that are not deductible in determining taxable profit                                  | 389       | 7,419     |
| Permanent capital allowances in excess of depreciation  | 4,678     | 5,728     |
| Taxation (credit)/charge for the year   | (129,205) | 538,740   |

### 12 Intangible fixed assets

|                                    | Patents &<br>licences<br>£ |
|------------------------------------|----------------------------|
| <b>Cost</b>                        |                            |
| At 1 April 2020                    | 6,500,000                  |
| Disposals                          | (2,700,000)                |
| At 31 March 2021                   | 3,800,000                  |
| <b>Amortisation and impairment</b> |                            |
| At 1 April 2020                    | 2,575,000                  |
| Amortisation charged for the year  | 1,576,250                  |
| Disposals                          | (1,301,250)                |
| At 31 March 2021                   | 2,850,000                  |
| <b>Carrying amount</b>             |                            |
| At 31 March 2021                   | 950,000                    |
| At 31 March 2020                   | 3,925,000                  |

The intangible assets relate to product licenses purchased. The remaining amortisation period is up to one year.

# BROWN & BURK UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 13 Tangible fixed assets

|                                    | Freehold<br>property<br>£ | Fixtures and<br>fittings<br>£ | Computer<br>equipment<br>£ | Motor vehicles<br>£ | Total<br>£ |
|------------------------------------|---------------------------|-------------------------------|----------------------------|---------------------|------------|
| <b>Cost</b>                        |                           |                               |                            |                     |            |
| At 1 April 2020                    | 205,008                   | 3,496                         | 57,857                     | 123,337             | 389,698    |
| Additions                          | -                         | -                             | 12,773                     | -                   | 12,773     |
| At 31 March 2021                   | 205,008                   | 3,496                         | 70,630                     | 123,337             | 402,471    |
| <b>Depreciation and impairment</b> |                           |                               |                            |                     |            |
| At 1 April 2020                    | 8,184                     | 3,496                         | 39,892                     | 91,680              | 143,252    |
| Depreciation charged in the year   | 2,028                     | -                             | 10,896                     | 25,326              | 38,250     |
| At 31 March 2021                   | 10,212                    | 3,496                         | 50,788                     | 117,006             | 181,502    |
| <b>Carrying amount</b>             |                           |                               |                            |                     |            |
| At 31 March 2021                   | 194,796                   | -                             | 19,842                     | 6,331               | 220,969    |
| At 31 March 2020                   | 196,824                   | -                             | 17,965                     | 31,657              | 246,446    |

The net carrying value of tangible fixed assets includes the following in respect of assets held under finance leases or hire purchase contracts.

| 2021<br>£ | 2020<br>£ |
|-----------|-----------|
| 6,331     | 31,657    |

### 14 Fixed asset investments

|                             | Notes | 2021<br>£ | 2020<br>£ |
|-----------------------------|-------|-----------|-----------|
| Investments in subsidiaries | 15    | 203,838   | 203,837   |

# BROWN & BURK UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 14 Fixed asset investments (Continued)

#### Movements in fixed asset investments

Shares in group  
undertakings

£

#### Cost or valuation

At 1 April 2020 203,837

Additions 1

At 31 March 2021 203,838

#### Carrying amount

At 31 March 2021 203,838

At 31 March 2020 203,837

### 15 Subsidiaries

| Name of undertaking     | Registered office                                      | Nature of business         | Class of shares held | % Held |          |
|-------------------------|--|----------------------------|----------------------|--------|----------|
|                         |  |                            |                      | Direct | Indirect |
| Brown & Burk AB         | Carlsgatan 12A, 211 20 Malmö, Sweden                   | Pharmaceutical distributor | Ordinary             | 100    | 0        |
| Brown & Burk IR Limited | 22 Northumberland Road, Ballsbridge, Dublin 4, Ireland | Pharmaceutical distributor | Ordinary             | 100    | 0        |

### 16 Stocks

2021  
£

2020  
£

Finished goods and goods for resale 8,566,042 9,295,733

### 17 Debtors

2021  
£

2020  
£

#### Amounts falling due within one year:

Trade debtors 3,757,382 6,193,017

Corporation tax recoverable 324,205 -

Amounts owed by group undertakings 607,682 1,887

Other debtors 12,284 11,717

Prepayments and accrued income 342,612 205,109

5,044,165 6,411,730

# BROWN & BURK UK LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

### 18 Creditors: amounts falling due within one year

|                                    | Notes | 2021<br>£        | 2020<br>£         |
|------------------------------------|-------|------------------|-------------------|
| Obligations under finance leases   | 20    | 52,359           | 8,052             |
| Trade creditors                    |       | 1,492,276        | 953,739           |
| Amounts owed to group undertakings |       | 3,412,058        | 8,538,608         |
| Corporation tax                    |       | -                | 302,140           |
| Other taxation and social security |       | 338,049          | 36,017            |
| Other creditors                    |       | 13,404           | 1,925,000         |
| Accruals and deferred income       |       | 814,356          | 601,604           |
|                                    |       | <u>6,122,502</u> | <u>12,365,160</u> |

### 19 Creditors: amounts falling due after more than one year

|                                    | Notes | 2021<br>£        | 2020<br>£        |
|------------------------------------|-------|------------------|------------------|
| Obligations under finance leases   | 20    | -                | 52,360           |
| Amounts owed to group undertakings |       | 4,737,500        | 4,737,580        |
|                                    |       | <u>4,737,500</u> | <u>4,789,940</u> |

Amounts owed to group undertakings represents a loan owed to the parent company with a maturity date of March 2024 and all is repayable within 5 years. Interest is charged at a fixed rate of 4.5%.

### 20 Finance lease obligations

|   | 2021<br>£     | 2020<br>£     |
|---|---------------|---------------|
| Future minimum lease payments due under finance leases: |               |               |
| Within one year   | 52,359        | 8,052         |
| In two to five years                                    | -             | 52,360        |
|   | <u>52,359</u> | <u>60,412</u> |

Finance lease contracts are secured on the underlying assets.

### 21 Retirement benefit schemes

|   | 2021<br>£     | 2020<br>£     |
|---|---------------|---------------|
| <b>Defined contribution schemes</b>                                 |               |               |
| Charge to profit or loss in respect of defined contribution schemes | 93,929        | 12,672        |
|   | <u>93,929</u> | <u>12,672</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.

At the year end the outstanding pension contributions included in creditors was £5,511 (2020 - £4,517).



## BROWN & BURK UK LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

#### 22 Share capital

|   | 2021<br>Number | 2020<br>Number | 2021<br>£ | 2020<br>£ |
|---|----------------|----------------|-----------|-----------|
| Ordinary share capital<br>Issued and fully paid |                |                |           |           |
| Ordinary share capital of £1 each               | 20,002         | 20,002         | 20,002    | 20,002    |

#### 23 Operating lease commitments

##### Lessee

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

|                 | 2021<br>£ | 2020<br>£ |
|-----------------|-----------|-----------|
| Within one year | 60,037    | 58,573    |

#### 24 Related party transactions

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

Invoices for the provision of services are received from a party related by virtue of being controlled by a member of key management personnel. The services provided are that of director and administrative staff. Purchases totalled £436,769 (2020 - £566,714) in the year and £183,604 (2020 - £195,320) is due at the year end and is included within trade creditors.

Invoices are received for the provision of PR, marketing and consultancy services from a party related by virtue of being controlled by a close family member of key management personnel. Purchases totalled £216,353 (2020 - £42,000) in the year and £12,600 (2020 - £3,500) is due at the year end and is included within trade creditors.

#### 25 Directors' transactions

During the year, the company paid expenses of £Nil (2020 - £2,538) on behalf of the director. The director also received a benefit in kind of £3,821 (2020 - £3,381). At no point during the year were the directors' loan accounts overdrawn. At the year-end, £2,538 (2020 - £2,538) was owed to the director.

#### 26 Ultimate controlling party

The ultimate parent company and the largest company for which consolidated financial statements are prepared is Micro Labs Limited, a company registered in India.

Copies of the group financial statements can be requested from 26 Race Course Road, Madhava Nagar, Gandhi Nagar, Bengaluru, Karnataka 560001, India.

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