

Registered number: 11481333

**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2020**



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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	Sanketh Varalwar Mark Robbins
<b>Company secretary</b>	Mohammed Naieem Rahim
<b>Registered number</b>	11481333
<b>Registered office</b>	Leeds Road C/O Syngenta Site Huddersfield United Kingdom HD2 1FF
<b>Independent auditor</b>	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor No 1 Whitehall Riverside Leeds West Yorkshire LS1 4BN

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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## VIVIMED SPECIALTY CHEMICALS UK LIMITED

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### CONSOLIDATED STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

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#### Introduction

The directors present their strategic report on the affairs of the Group, together with the audited financial statements for the year ended 31 March 2020.

#### Results and performance

On 11 July 2019 the company purchased 100% of the issued ordinary share capital of Vivimed Speciality Ingredients Limited and these financial statements represent the first financial statements for the company and its subsidiary undertakings.

The results for the Group therefore cover the nine month period from 11 July 2019 to 31 March 2020.

Turnover for the period ended 31 March 2020 was £10,894k. Loss before tax for the period ended 31 March 2020 was £795k which is mainly the result of:

- exceptional costs of £237k
- a 359k foreign exchange movement in the year
- interest costs on debt used to fund management buy out

#### Principal risks and uncertainties

The Group remains at risk from competitive pressure mainly from low cost economies. The Group manages this risk by keeping up to date on market information, maintaining strong relationships and providing a value added service to its customers.

The Group has prepared detailed forecasts and projections, which have been subject to scrutiny and sensitivity analysis, and show that the Group will generate positive cashflows for the foreseeable future and should be able to continue to meet its financial obligations as they fall due for at least the twelve month period from the date of approval of these financial statements.

#### Financial key performance indicators

A significant amount of sales, which are in part offset by purchases of product, are denominated in foreign currencies (\$ & €) and therefore the Group is exposed to a rate change in these currencies.

#### Credit risk

The Group's credit risk is primarily attributable to its trade debtors. The Group has no significant concentration of credit risk, with exposure spread over a number of customers. The amounts presented in this balance sheet for trade debtors are net of allowances for doubtful debts.

#### Liquidity risk

The Group seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs. The Group manages its funding through use of its working capital.

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**GROUP STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Future prospects**

The Group will continue to purchase from the Vivimed Group to enable its growth plans to be achieved. The development of our production capabilities within India and China has and will continue to provide an excellent platform for the future and secure our position as a long-term supply partner. As a result of the continued dedication and excellence of our European based staff, and our future relationship with the Vivimed Group, we remain confident that we will maintain a competitive position in terms of quality, efficiency and innovation. The Group will continue to consolidate its position in the current sectors and concentrate its efforts on achieving maximum growth in existing market segments.

**Key performance indicators**

The key performance indicators are gross profit margin being 40% and operating profit margin being 4%.

**Treasury**

The Group's treasury operates procedures designed to reduce or eliminate financial risk. The policies are approved by the Board and the use of financial instruments is strictly controlled.

The Group's principal financial instruments comprise borrowings, cash and various items, such as trade debtors and trade creditors that arise directly from its operations.

This report was approved by the board on 29/4/2021 and signed on its behalf.



**Sanketh Varalwar**  
Director

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 MARCH 2020**

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The directors present their report and the consolidated financial statements for the year ended 31 March 2020.

**Results and dividends**

The loss for the year, after taxation, amounted to £713,000.

There were no dividends paid in the year.

**Directors**

The directors who served during the year were:

Sanketh Varalwar  
Mark Robbins

**Directors' responsibilities statement**

The directors are responsible for preparing the Consolidated Strategic Report, the Directors' Report and the consolidated 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, 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 the Group and of the loss of the Group 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 Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**Research and development**

Research and development activity is undertaken in the field of fine chemical improvements and developments.

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2020**

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**Going concern**

The directors have assessed the business with regard to the potential impact from Covid 19 and it is clear that there has been an impact in the short term in terms of revenue and profitability. Based on government guidance, the directors placed approximately 90% of staff into furlough on 27 March 2020, to allow directors and administration functions to plan and prepare the business to return in a Covid secure environment. This resulted in the business being brought back in a phased approach from April whilst keeping it Covid secure in line with Government guidance.

Covid 19 Government support schemes such as the job retention scheme have been utilised to protect the business from any Covid-19 immediate or ongoing financial impact.

The Group has prepared detailed forecasts and projections, which have been subject to scrutiny and sensitivity analysis, and show that the Group is expected to generate positive cash flows for the foreseeable future and should be able to continue to trade into the future. No matters have been drawn to the attention of the directors that may cast significant doubt about the ability of the Group to meet its financial obligations as they fall due for at least the twelve month period from the date of approval of these financial statements.

The Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.

**Disclosure of information to auditor**

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's and the Group's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's and the Group's auditor is aware of that information.

**Auditor**

Grant Thornton UK LLP were appointed as first auditor of the company during the year and will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 29/4/2021 and signed on its behalf.



**Sanketh Varalwar**  
Director



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**Opinion**

We have audited the financial statements of Vivimed Specialty Chemicals UK Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2020, which comprise the Consolidated Statement of Income and Retained Earnings, the Consolidated and Company Statements of Financial Position, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Group's and of the parent Company's affairs as at 31 March 2020 and of the Group's 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 Group and the parent 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

**The impact of macro-economic uncertainties on our audit**

Our audit of the financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the directors and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties when assessing the Group's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company associated with these particular events.





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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIVIMED SPECIALTY CHEMICALS UK LIMITED (CONTINUED)**

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**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 Group's or the parent 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.

In our evaluation of the directors' conclusions, we considered the risks associated with the Group's business model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the Group's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Group or the parent company will continue will continue in operation.

**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.



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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIVIMED SPECIALTY CHEMICALS UK LIMITED (CONTINUED)**

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**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 Consolidated 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 Consolidated Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

**Matter on which we are required to report under the Companies Act 2006**

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Consolidated Strategic Report and the Directors' Report.

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

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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 for the financial statements**

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VIVIMED SPECIALTY CHEMICALS UK LIMITED (CONTINUED)**

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**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 for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Richard Hobson BA FCA  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds  
Date: 29/4/2021

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VIVIMED SPECIALTY CHEMICALS UK LIMITED

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CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 MARCH 2020

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	Note	2020 £000
Turnover	4	10,894
Cost of sales		(6,340)
<b>Gross profit</b>		<b>4,554</b>
Other operating expenses	5	(4,019)
Exceptional administrative expenses	13	(497)
<b>Operating profit</b>	6	<b>38</b>
Interest receivable	10	69
Interest payable	11	(902)
<b>Loss before tax</b>		<b>(795)</b>
Tax on loss	12	82
<b>Loss after tax</b>		<b>(713)</b>
Retained earnings at the beginning of the year		-
Loss for the year attributable to the owners of the parent		(713)
<b>Retained earnings at the end of the year</b>		<b>(713)</b>

All results are derived from continuing operations.

The notes on pages 13 to 32 form part of these financial statements.

**VIVIMED SPECIALTY CHEMICALS UK LIMITED**  
**REGISTERED NUMBER:11481333**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	2020 £000
<b>Fixed assets</b>		
Intangible assets	14	5,933
Tangible assets	15	283
		<u>6,216</u>
<b>Current assets</b>		
Stocks	17	2,613
Debtors: amounts falling due within one year	18	7,348
Cash at bank and in hand	19	1,010
		<u>10,971</u>
Creditors: amounts falling due within one year	20	(1,752)
		<u>9,219</u>
<b>Net current assets</b>		<u>15,435</u>
<b>Total assets less current liabilities</b>		<u>15,435</u>
Creditors: amounts falling due after more than one year	21	(16,138)
<b>Provisions for liabilities</b>		
Deferred taxation	23	(10)
		<u>(10)</u>
<b>Net liabilities</b>		<u>(713)</u>
<b>Capital and reserves</b>		
Called up share capital	24	-
Profit and loss account	25	(713)
		<u>(713)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on  
29/4/2021



**Sanketh Varalwar**  
Director

The notes on pages 13 to 32 form part of these financial statements.

**VIVIMED SPECIALTY CHEMICALS UK LIMITED**  
**REGISTERED NUMBER:11481333**

**COMPANY STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	2020 £000
<b>Fixed assets</b>		
Investments	16	19,438
		<u>19,438</u>
Creditors: amounts falling due within one year	20	(13,138)
<b>Net current liabilities</b>		<u>(13,138)</u>
<b>Total assets less current liabilities</b>		<u>6,300</u>
Creditors: amounts falling due after more than one year	21	(7,262)
<b>Net liabilities</b>		<u>(962)</u>
<b>Capital and reserves</b>		
Called up share capital	24	-
Loss for the year	25	(962)
Profit and loss account carried forward	25	(962)
		<u>(962)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29/4/2021



**Sanketh Varalwar**  
 Director

The notes on pages 13 to 32 form part of these financial statements.

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VIVIMED SPECIALTY CHEMICALS UK LIMITED

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CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2020

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	2020 £000
<b>Cash flows from operating activities</b>	
Loss for the financial year	(713)
<b>Adjustments for:</b>	
Amortisation of intangible fixed assets	494
Depreciation of tangible fixed assets	45
Interest paid	902
Interest received	(69)
Taxation charge	(82)
Increase in stocks	277
Increase in debtors	4,744
Increase in creditors	651
Corporation tax paid	(4)
<b>Net cash generated from operating activities</b>	<u>6,245</u>
<b>Cash flows from investing activities</b>	
Purchase of intangible fixed assets	(5)
Purchase of tangible fixed assets	(222)
Interest received	69
Acquisition of subsidiary undertaking net of overdraft	(20,313)
<b>Net cash from investing activities</b>	<u>(20,471)</u>
<b>Cash flows from financing activities</b>	
New secured loans	16,138
Interest paid	(902)
<b>Net cash used in financing activities</b>	<u>15,236</u>
<b>Net increase in cash and cash equivalents</b>	<u>1,010</u>
<b>Cash and cash equivalents at the end of year</b>	<u><u>1,010</u></u>
<b>Cash and cash equivalents at the end of year comprise:</b>	
Cash at bank and in hand	<u><u>1,010</u></u>

The notes on pages 13 to 32 form part of these financial statements.

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**1. General information**

Vivimed Specialty Chemicals Limited is a limited company incorporated in the UK and registered in England with company number 11481333. The registered office is Leeds Road, C/O Syngenta Site, Huddersfield, West Yorkshire, HD2 1FF.

The company is a holding company of a group whose principal activity is the sale of fine chemicals.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Income and Retained Earnings in these financial statements.

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Income and Retained Earnings from the date on which control is obtained. They are deconsolidated from the date control ceases.

**2.3 Going concern**

The Group has prepared detailed forecasts and projections, which have been subject to scrutiny and sensitivity analysis, and show that the Group is expected to generate positive cash flows for the foreseeable future and should be able to continue to trade into the future. No matters have been drawn to the attention of the directors that may cast significant doubt about the ability of the Group to meet its financial obligations as they fall due for at least the twelve month period from the date of approval of these financial statements.

The Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future and therefore they continue to adopt the going concern basis of accounting in preparing the financial statements.



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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Group's functional and presentational currency is GBP.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated Statement of Income and Retained Earnings within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

**2.5 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

**Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Group has transferred the significant risks and rewards of ownership to the buyer;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Group will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.6 Research and development**

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

**2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.8 Finance costs**

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.9 Borrowing costs**

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

**2.10 Pensions**

**Defined contribution pension plan**

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.11 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**2.12 Exceptional items**

Exceptional items are transactions that fall within the ordinary activities of the Group but are presented separately due to their size or incidence.

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.13 Intangible fixed assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Consolidated Statement of Income and Retained Earnings over its useful economic life.

**Other intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

REACH costs	-	5 years
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**2.14 Research expenditure**

All expenditure associated with research activities are written off in the year of expenditure.

**2.15 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold buildings	- 10% per annum
Plant and equipment	- 5% - 33% per annum, primarily 10% per annum

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)****2.16 Impairment of fixed assets and goodwill**

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**2.17 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.18 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.19 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.20 Cash and cash equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

**2.21 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
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**2. Accounting policies (continued)**

**2.22 Provisions for liabilities**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

**2.23 Financial instruments**

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Consolidated Statement of Income and Retained Earnings if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2020**

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**2. Accounting policies (continued)**

**2.23 Financial instruments (continued)**

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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 income as appropriate. The company does not currently apply hedge accounting for interest rate and foreign exchange derivatives.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include the carrying value of intangible fixed assets (note 15), the net realisable value of stock and slow-moving stock provisions (note 18) and bad debt provisions (note 19).

**4. Turnover**

Analysis of turnover by country of destination:

	2020 £000
United Kingdom	163
Rest of Europe	4,571
Asia and Middle East	1,944
North America	3,639
Rest of the World	577
	<u>10,894</u>

**5. Other operating expenses**

	2020 £000
Distribution costs	504
Administration expenses	3,515
	<u>4,019</u>

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**

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FOR THE YEAR ENDED 31 MARCH 2020**

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**6. Operating profit**

The operating profit is stated after charging:

	<b>2020</b>
	<b>£000</b>
Depreciation of tangible fixed assets	<b>45</b>
Amortisation of intangible fixed assets	<b>494</b>
Foreign exchange loss	<b>359</b>
R&D expenses	<b>569</b>
	<b><u>569</u></b>

**7. Auditor's remuneration**

	<b>2020</b>
	<b>£000</b>
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	<b>3</b>
	<b><u>3</u></b>

**Fees payable to the Group's auditor in respect of:**

Accounts preparation services	<b>3</b>
Tax advisory services	<b>6</b>
Taxation compliance services	<b>9</b>
Audit of financial statements of subsidiaries	<b>38</b>
	<b><u>56</u></b>



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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**


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**8. Employees**

Staff costs, including directors' remuneration, were as follows:

	<b>Group 2020 £000</b>	<i>Group 2019 £000</i>	<b>Company 2020 £000</b>	<i>Company 2019 £000</i>
Wages and salaries	605	-	-	-
Social security costs	59	-	-	-
Cost of defined contribution scheme	47	-	-	-
	<u>711</u>	<u>-</u>	<u>-</u>	<u>-</u>

In addition, £340,000 was paid to third parties in respect of the services of key management personnel.

The average monthly number of employees, including the directors, during the year was as follows:

	<b>2020 No.</b>
Sales and distribution	18
Administration	3
	<u>21</u>

**9. Directors' remuneration**

	<b>2020 £000</b>
Payments to third parties for directors' services	<u>202</u>

One director received the above remuneration from the Group and is therefore the highest paid director. No contributions have been made during the year to pension schemes on behalf of any directors who held office during these year.

**10. Interest receivable**

	<b>2020 £000</b>
Bank interest receivable	<u>69</u>

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VIVIMED SPECIALTY CHEMICALS UK LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020

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## 11. Interest payable

	2020 £000
Interest payable on bank loans	902
	<u>902</u>

## 12. Taxation

	2020 £000
<b>Corporation tax</b>	
Current tax on profits for the year	(65)
Adjustments in respect of previous periods	(62)
<b>Total current tax</b>	<u>(127)</u>
<b>Deferred tax</b>	
Origination and reversal of timing differences	34
Adjustments in respect of previous periods	11
<b>Total deferred tax (note 23)</b>	<u>45</u>
<b>Taxation on loss on ordinary activities</b>	<u>(82)</u>

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## 12. Taxation (continued)

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19%. The differences are explained below:

	2020 £000
Loss on ordinary activities before tax	(795)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19%	(151)
<b>Effects of:</b>	
Expenses not deductible for tax purposes	333
Effect of research and development tax credits	(25)
Non-taxable income	(159)
Tax benefit from patent box	(25)
Adjustments to tax charge in respect of previous periods	(53)
Changes in tax rates	(2)
<b>Total tax charge for the year</b>	<b>(82)</b>

## 13. Exceptional items

	2020 £000
Management buy-out costs	390
Laboratory move	58
Other	49
	<b>497</b>

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FOR THE YEAR ENDED 31 MARCH 2020

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## 14. Intangible fixed assets

## Group

	REACH expenses £000	Goodwill £000	Total £000
<b>Cost</b>			
Additions	5	6,410	6,415
Acquired with subsidiary (note 26)	93	-	93
At 31 March 2020	98	6,410	6,508
<b>Amortisation</b>			
Charge for the year on owned assets	13	481	494
Acquired with subsidiary (note 26)	81	-	81
At 31 March 2020	94	481	575
<b>Net book value</b>			
At 31 March 2020	4	5,929	5,933

Amortisation is recognised in other operating expenses in the Statement of income and retained earnings.

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## 15. Tangible fixed assets

## Group

	Leasehold land and buildings £000	Plant and machinery £000	Total £000
<b>Cost</b>			
Additions	-	222	222
Acquired with subsidiary (note 26)	300	1,058	1,358
At 31 March 2020	300	1,280	1,580
<b>Depreciation</b>			
Charge for the year on owned assets	-	45	45
Acquired with subsidiary (note 26)	300	952	1,252
At 31 March 2020	300	997	1,297
<b>Net book value</b>			
At 31 March 2020	-	283	283

## 16. Fixed asset investments

## Company

	Investments in subsidiary companies £000
<b>Cost and net book value</b>	
Additions (note 26)	19,438
At 31 March 2020	19,438

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**


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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2020**


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**16. Fixed asset investments (continued)****Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

<b>Name</b>	<b>Country of incorporation</b>	<b>Principal activity</b>	<b>Class of shares</b>	<b>Holding</b>
Vivimed Speciality Ingredients Limited	United Kingdom	Sale of fine chemicals	Ordinary	100%
Vivimed Speciality Chemicals B.V.	Netherlands	Sale of fine chemicals	Ordinary	100%

**17. Stocks**

	<b>Group 2020 £000</b>	<b>Company 2020 £000</b>
Raw materials and consumables	402	-
Finished goods and goods for resale	2,211	-
	<b>2,613</b>	<b>-</b>

An impairment loss of £251k was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

**18. Debtors**

	<b>Group 2020 £000</b>	<b>Company 2020 £000</b>
Trade debtors	3,971	-
Other debtors	3,182	-
Prepayments and accrued income	195	-
	<b>7,348</b>	<b>-</b>

No impairment loss has been recognised against trade debtors during the year.

**19. Cash and cash equivalents**

	<b>Group 2020 £000</b>	<b>Company 2020 £000</b>
Cash at bank and in hand	1,010	-

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**20. Creditors: Amounts falling due within one year**

	Group 2020 £000	Company 2020 £000
Trade creditors	692	-
Amounts owed to group undertakings	-	12,689
Corporation tax	144	-
Other taxation and social security	37	-
Accruals and deferred income	879	449
	<u>1,752</u>	<u>13,138</u>

**21. Creditors: Amounts falling due after more than one year**

	Group 2020 £000	Company 2020 £000
Bank loans	16,138	7,262

The Group's Working Capital Facility from State Bank of India (SBI) expired in September 2019. Under the terms of this facility any funds advanced to the Company by SBI were secured by fixed and floating charges on the assets of the Group including all leasehold property.

DMI created a first charge over the assets of the Group in June 2019 which was satisfied in June 2020 following completion of a refinancing. From February 2020, Indus Ind Bank Ltd has a first charge over the Group's assets.

**22. Loans**

Analysis of the maturity of loans is given below:

	Group 2020 £000	Company 2020 £000
<b>Amounts falling due 1-2 years</b>		
Bank loans	8,876	-
<b>Amounts falling due after more than 5 years</b>		
Bank loans	7,262	7,262
	<u>16,138</u>	<u>7,262</u>

Bank loans falling due after more than five years are repayable by 31 December 2029 and bear interest at six month LIBOR + 3%.

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NOTES TO THE FINANCIAL STATEMENTS  
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## 23. Deferred taxation

	2020 £000
<b>Group</b>	
Charged to profit or loss (note 12)	(45)
Acquired with subsidiary (note 26)	35
	<u>(10)</u>
	<b>Group 2020 £000</b>
Accelerated capital allowances	(12)
Other timing differences	2
	<u>(10)</u>

## 24. Share capital

	2020 £
<b>Allotted, called up and fully paid</b>	
100 (2019: 100) Ordinary shares of £1 each	<u>100</u>

## 25. Reserves

**Profit and loss account**

Include all current and prior period retained profits and losses



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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**


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FOR THE YEAR ENDED 31 MARCH 2020**


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**26. Business combinations**

On 11 July 2019 the company acquired 100% of the issued ordinary share capital of Vivimed Speciality Ingredients Limited (formerly Vivimed Labs Europe Limited) for consideration of £19,438,223 paid in cash. The transaction was accounted for using the purchase method of accounting.

	Book value £000	Fair value adjustment £000	Fair value £000
Tangible fixed assets	106	-	106
Intangible fixed assets	332	(320)	12
	<u>438</u>	<u>(320)</u>	<u>118</u>
Stocks	2,890	-	2,890
Debtors	13,081	(989)	12,092
	<u>16,409</u>	<u>(1,309)</u>	<u>15,100</u>
<b>Total assets</b>			
<b>Creditors</b>			
Due within one year	(1,231)	-	(1,231)
Bank overdraft	(875)	-	(875)
Deferred tax	35	-	35
	<u>14,338</u>	<u>(1,309)</u>	<u>13,029</u>
<b>Total identifiable net assets</b>			
Goodwill			6,409
<b>Total purchase consideration</b>			<u>19,438</u>

Fair value adjustments represent the impairment of certain intangible fixed assets and non-recoverable receivables.

**Cash outflow on acquisition**

	£000
Purchase consideration settled in cash	19,438
	<u>19,438</u>
Bank overdrafts acquired	875
<b>Net cash outflow on acquisition</b>	<u>20,313</u>

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VIVIMED SPECIALTY CHEMICALS UK LIMITED

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**26. Business combinations (continued)**

The results of Vivimed Speciality Ingredients Limited from the date of acquisition to 31 March 2020 were as follows:

	Current period since acquisition £000
Turnover	10,894
Profit for the period	727

**27. Contingent liabilities**

The Group has given a duty deferment guarantee to HM Revenue and Customs of £200,000.

**28. Capital commitments**

The Group had no capital commitments at 31 March 2020.

**29. Pension commitments**

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £47,000. Contributions totalling £18,197 were payable to the fund at the reporting date and are included in creditors.

**30. Commitments under operating leases**

At 31 March 2020 the Group had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2020 £000
Not later than 1 year	1

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**VIVIMED SPECIALTY CHEMICALS UK LIMITED**


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**31. Related party transactions**

The Company has traded at arm's length with the following companies within the group headed by Vivimed Labs Ltd, incorporated in India, during the year ended 31 March 2020. Vivimed Labs Ltd was the Company's parent undertaking for the period from 1 April 2019 to 11 July 2019 and is now a related undertaking:

	<b>Sales £000</b>	<b>Purchases £000</b>	<b>Management fee paid £000</b>
Vivimed Labs Ltd.	<b>184</b>	<b>149</b>	<b>298</b>
Nisarg Biosciences PVT Ltd.	<b>316</b>	<b>2,468</b>	<b>-</b>
Union Quimico Farmaceutica SA	<b>121</b>	<b>-</b>	<b>-</b>

At 31 March 2020, the Company was owed £333,100 by, and owed £41,500 to, Vivimed Labs Ltd. and these amounts are included in trade debtors and trade creditors respectively.

At 31 March 2020, the Company was owed £420,868 by, and owed £64,444 to, Nisarg Biosciences PVT Ltd and these amounts are included in trade debtors and trade creditors respectively.

At 31 March 2020, the Company was owed £107,537 by Union Quimico Farmaceutica SA and this amount is included in trade debtors.

At 31 March 2020, payments in advance of supplies of £2,374,983 and £625,000 respectively have been made to Nisarg Biosciences PVT Ltd and Vivimed Labs Ltd and these amounts are included in other debtors.

**32. Controlling party**

The ultimate controlling party of Vivimed Specialty Chemicals UK Limited is Sanketh Varalwar by virtue of his controlling interest in its issued ordinary share capital.