
Directors' report and financial statements

Dishman Europe Limited

For the year ended: 31 March 2019

Company registration number: 03406047



DISHMAN EUROPE LIMITED

COMPANY INFORMATION

Directors	J R Vyas A J Vyas M C Griffiths C M Eich
Registered number	03406047
Registered office	Suite 4 De Walden Court 85 New Cavendish Street London W1W 6XD
Independent auditors	MHA MacIntyre Hudson Chartered Accountants & Statutory Auditors Pennant House 1-2 Napier Court Reading RG1 8BW

DISHMAN EUROPE LIMITED

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DISHMAN EUROPE LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

Introduction

The Company's activities have continued to be the importation and distribution of chemical and pharmaceutical products. Its key performance indicators include, but are not limited to, turnover, revenue by market segment, profit before taxation, cash flows and net current assets. It also plays a vital part to the Group and our Customers by ensuring we support the local European requirements, which have started to come into force, about the registration and restriction of products.

Significant events and transactions

During the year the Company participated in a restructuring of the wider group. This resulted in the following significant transactions as disclosed in notes 10, 15 and 18 to the financial statements:

- Disposal of its 100% interest in Carbogen Amcis B.V. (formerly Dishman Netherlands B.V) by way of a share for share exchange, giving rise to a profit on disposal of £69.8 million
- Acquisition of a 69% controlling interest in Dishman Carbogen Amcis (Singapore) Limited for £74.3 million by means of a share for share exchange

In addition to the above, the Company recorded gains totalling £7.3 million on currency exchange transactions.

Business review

The Company's turnover has increased by 37.91% from the previous year. The Company's gross profit percentage has gone up due to a change in sales mix, in addition to which we needed to make a small provision for some unusable materials this year.

The Company has a stable order book going forward and can expect a slightly lower level of turnover within the next financial year, at the same time we are looking to stabilize our profitability.

DISHMAN EUROPE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Principal risks and uncertainties

The Company's principal business risks continue to be the potential effects of regulations affecting the importation of goods into the EC. In particular, the Company is affected by:

- BREXIT
- The impact of the reduction in the availability of GSP Form A tariff preferences on the costs of goods imported from India.
- The REACH regulations relating to the importation of hazardous chemicals.
- The shipping and storage requirements of the Falsified Medicines Directive in respect of Active Pharmaceutical Ingredients.

In addition to the above specific risks, the Company is exposed to the normal effects of market conditions and competition.

Risks relating to financial instruments are set out in the Directors' Report.

DISHMAN EUROPE LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Financial key performance indicators

Its key performance indicators include, but are not limited to, turnover, revenue by market segment, profit before taxation, cash flows and net current assets.

This report was approved by the board on

30/3/19

and signed on its behalf.



M C Griffiths
Director

DISHMAN EUROPE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their report and the financial statements for the year ended 31 March 2019.

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments 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 to 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.

Results and dividends

The profit for the year, after taxation, amounted to £76,576,933 (2018 - £1,380,975).

An interim dividend of £14.07p per share was paid on 17 September 2018. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 2019 was £2,237,250 (2018: £2,201,875).

Directors

The directors who served during the year were:

J R Vyas
A J Vyas
M C Griffiths
C M Eich

Future developments

The company intends to continue growing with the aim of increasing sales across its product range.

DISHMAN EUROPE LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2019**

Financial instruments

The Company uses financial instruments, other than derivatives, comprising cash liquid resources and various items such as debtors, creditors and other items that arise directly from its operations. The main purpose of these financial instruments is to utilise finance in the Company's operations.

The main risks arising from the Company's financial instruments are interest risk, liquidity risk and currency risk. The directors review and agree policies for managing these risks and these are summarised below:

Interest rate risk

The Company is exposed to fair value interest rate risk on its fixed rate borrowings, and cash flow interest rate risk on bank overdrafts and factoring balances. The company seeks to manage its cash resources so as to avoid exposure to changes in interest rates.

Liquidity risk

The Company seeks to manage financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Currency risk

The Company does not hedge its foreign currency bank accounts. The Company therefore has an exposure risk to translation and transaction foreign exchange risk and takes profit and losses on these as they arise.

Disclosure of information to auditors

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

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Under section 487(2) of the Companies Act 2006, MHA MacIntyre Hudson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

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



M C Griffiths
Director

Date: 30/3/19

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DISHMAN EUROPE LIMITED

Opinion

We have audited the financial statements of Dishman Europe Limited (the 'Company') for the year ended 31 March 2019, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes, 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 Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' 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 United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' 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

DISHMAN EUROPE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DISHMAN EUROPE LIMITED
(CONTINUED)**

misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

DISHMAN EUROPE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF DISHMAN EUROPE LIMITED
(CONTINUED)**

Auditors' 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 Auditors' 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. This description forms part of our Auditors' 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 Auditors' 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.

MHA MacIntyre Hudson

Jason Mitchell (Senior Statutory Auditor)

for and on behalf of
MHA MacIntyre Hudson

Chartered Accountants
Statutory Auditors

Pennant House
1-2 Napier Court
Reading
RG1 8BW

Date:

3 September 2019

DISHMAN EUROPE LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019**

	Note	2019 £	2018 £
Turnover	4	34,551,541	25,054,415
Cost of sales		(30,993,847)	(23,746,586)
Gross profit		3,557,694	1,307,829
Administrative expenses		(5,906,928)	(2,636,224)
Other operating income		281,188	400,000
Exceptional income	15	7,309,759	-
Operating profit/(loss)	6	5,241,713	(928,395)
Income from fixed assets investments	10	72,069,456	2,201,875
Interest receivable and similar income	11	10,755	107,694
Interest payable and expenses	12	-	(199)
Profit before tax		77,321,924	1,380,975
Tax on profit	13	(744,991)	-
Profit for the financial year		76,576,933	1,380,975
Total comprehensive income for the year		76,576,933	1,380,975

The notes on pages 12 to 30 form part of these financial statements.

DISHMAN EUROPE LIMITED
REGISTERED NUMBER: 03406047

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	16	131,033	128,336
Tangible assets	17	16,163	23,447
Investments	18	74,349,400	4,517,193
		<u>74,496,596</u>	<u>4,668,976</u>
Current assets			
Stocks	19	1,597,344	1,051,785
Debtors	20	8,153,845	5,671,187
Cash at bank and in hand		82,462	97,241
		<u>9,833,651</u>	<u>6,820,213</u>
Creditors: amounts falling due within one year	21	(3,703,610)	(5,202,235)
Net current assets		<u>6,130,041</u>	<u>1,617,978</u>
Total assets less current liabilities		<u>80,626,637</u>	<u>6,286,954</u>
Net assets		<u>80,626,637</u>	<u>6,286,954</u>
Capital and reserves			
Called up share capital	23	159,000	159,000
Profit and loss account	24	80,467,637	6,127,954
		<u>80,626,637</u>	<u>6,286,954</u>

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


M C Griffiths
 Director

Date: 30/3/19

The notes on pages 12 to 30 form part of these financial statements.

DISHMAN EUROPE LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 April 2017	159,000	6,948,854	7,107,854
Comprehensive income for the year			
Total comprehensive income for the year - Profit for the year	-	1,380,975	1,380,975
Total comprehensive income for the year	-	1,380,975	1,380,975
Total transactions with owners - Dividends: Equity capital	-	(2,201,875)	(2,201,875)
Total transactions with owners	-	(2,201,875)	(2,201,875)
At 1 April 2018	159,000	6,127,954	6,286,954
Comprehensive income for the year			
Total comprehensive income for the year - Profit for the year	-	76,576,933	76,576,933
Total comprehensive income for the year	-	76,576,933	76,576,933
Total transactions with owners - Dividends: Equity capital	-	(2,237,250)	(2,237,250)
Total transactions with owners	-	(2,237,250)	(2,237,250)
At 31 March 2019	159,000	80,467,637	80,626,637

The notes on pages 12 to 30 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

1. General information

Dishman Europe Limited ('the Company') is a private company limited by shares incorporated in England and Wales. Its registered office is at Suite 4, De Walden Court, 85 New Cavendish Street, London, W1W 6XD, and the company number is 03406047.

The nature of the Company's operations and its principal activities are set out in the Strategic Report.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of financial instruments and presentation of a cash flow statement.

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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A.

This information is included in the consolidated financial statements of Dishman Carbogen Amcis Ltd as at 31 March 2019 and these financial statements may be obtained from www.dishmangroup.com.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.3 Foreign currency translation

Functional and presentation currency

The Company'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 the Statement of Comprehensive Income 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 Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company 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 Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company 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 Company 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.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.5 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 April 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Interest income

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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.

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income 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 Company in independently administered funds.

2.9 Taxation

Tax is recognised in the Statement of Comprehensive Income, 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 Company operates and generates income.

2.10 Exceptional items

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

2.11 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.

2.12 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.12 Tangible fixed assets (continued)

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:

Fixtures and fittings	- 25% on cost and 20% on cost
Computer equipment	- 33% on cost, 25% on cost and 20% on cost

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 the Statement of Comprehensive Income.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Statement of Financial Position date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.14 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.

2.15 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.

2.16 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.17 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.

2.18 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable 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 financed at a rate of interest that is not a market rate or in the case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Investments in non-convertible preference shares and in non-puttable ordinary and preference shares are measured:

- at fair value with changes recognised in the Statement of Comprehensive Income 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 Statement of Comprehensive Income.

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 Company would receive for the asset if it were to be sold at the reporting date.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

2. Accounting policies (continued)

2.18 Financial instruments (continued)

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.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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

In applying the Company's accounting policies, the directors are required to make judgments, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgments, estimates and assumptions are based on the best and most reliable evidence available at the times when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent subjectivity involved in making such judgments, estimates and assumptions, the actual results and outcomes may differ.

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

Critical judgments in applying the Company's accounting policies

The critical judgments that the directors have made in the process of applying the Company's accounting policies that have the most significant effect on the amounts recognised in the statutory financial statements are discussed below.

(i) Assessing indicators of impairment

In assessing whether there have been any indicators of impaired assets, the directors have considered both external and internal sources of information such as market conditions, counterparty credit ratings and experience of recoverability. There have been no indicators of impairments identified during the current financial year.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(ii) Recoverability of receivables

The Company establishes a provision for receivables that are estimated not to be recoverable. When assessing recoverability the directors consider factors such as the ageing of receivables, past experience of recoverability, and the credit profile of individuals or groups of customers.

(iii) Determining residual values and useful economic lives of property, plant and equipment

The Company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of the asset is based on historic performance as well as expectations of future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgment is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value management aim to assess the amount that the Company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life. Where possible this is done with reference to external market prices.

DISHMAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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4. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	2,475,727	2,209,577
Rest of Europe	31,925,161	22,207,961
Rest of the world	150,653	636,877
	<u>34,551,541</u>	<u>25,054,415</u>

5. Other operating income

	2019 £	2018 £
Management charges	281,188	400,000
	<u>281,188</u>	<u>400,000</u>

6. Operating profit/(loss)

The operating profit/(loss) is stated after charging:

	2019 £	2018 £
Depreciation of tangible fixed assets	6,455	2,838
Amortisation of intangible assets, including goodwill	70,516	16,208
Exchange differences	2,359,579	(42,376)
Other operating lease rentals	47,000	47,000
Defined contribution pension cost	47,254	53,920
	<u>2,470,804</u>	<u>77,590</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

7. Auditors' remuneration

	2019 £	2018 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>16,830</u>	<u>16,500</u>
Fees payable to the Company's auditor and its associates in respect of:		
All other services	<u>9,525</u>	<u>10,385</u>
	<u>9,525</u>	<u>10,385</u>

8. Employees

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

	2019 £	2018 £
Wages and salaries	1,131,040	940,539
Social security costs	125,584	137,422
Cost of defined contribution scheme	47,254	53,920
	<u>1,303,878</u>	<u>1,131,881</u>

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

	2019 No.	2018 No.
Directors	3	3
Sales	2	4
Administration	6	6
	<u>11</u>	<u>13</u>

DISHMAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

9. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	552,491	359,470
Company contributions to defined contribution pension schemes	27,141	26,078
	<u>579,632</u>	<u>385,548</u>

During the year retirement benefits were accruing to 3 directors (2018 - 3) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £293,280 (2018 - £289,271).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2018 - £10,000).

The directors are the only key management personnel.

10. Income from investments

	2019 £	2018 £
Profit on sale of fixed asset investments (see note 18)	(69,832,206)	-
Dividends received from unlisted investments	(2,237,250)	(2,201,875)
	<u>(72,069,456)</u>	<u>(2,201,875)</u>

11. Interest receivable

	2019 £	2018 £
Interest receivable from group companies	10,755	31,792
Share of joint ventures' interest receivable	-	75,902
	<u>10,755</u>	<u>107,694</u>

DISHMAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

12. Interest payable and similar expenses

	2019 £	2018 £
Other interest payable	-	199
	<u>-</u>	<u>199</u>
	<u>-</u>	<u>199</u>

13. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	744,991	-
Total current tax	<u>744,991</u>	<u>-</u>
	<u>744,991</u>	<u>-</u>
Taxation on profit on ordinary activities	<u>744,991</u>	<u>-</u>

The Company has not recognised any potential deferred tax asset due to uncertainty regarding the timing of the recovery of this asset.

DISHMAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

13. Taxation (continued)**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	<u>77,321,924</u>	<u>1,380,975</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	14,691,166	262,385
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	262	19,220
Non-taxable income	(13,693,197)	(418,356)
Movement in deferred tax not recognised	(253,240)	136,751
Total tax charge for the year	<u>744,991</u>	<u>-</u>

Factors that may affect future tax charges

The Corporation tax rate will reduce from 19% to 17% on 1 April 2020. The rate reduction to 17% was substantively enacted on 6 September 2016.

14. Dividends

	2019 £	2018 £
Ordinary shares of £1 each - interim	2,237,250	2,201,875
	<u>2,237,250</u>	<u>2,201,875</u>

DISHMAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

15. Exceptional income

	2019 £	2018 £
Gains on currency exchange	7,309,759	-
	<u>7,309,759</u>	<u>-</u>

16. Intangible assets

	Product Licences £	Intellectual property rights £	Total £
Cost			
At 1 April 2018	168,410	206,644	375,054
Additions	73,213	-	73,213
At 31 March 2019	<u>241,623</u>	<u>206,644</u>	<u>448,267</u>
Amortisation			
At 1 April 2018	40,074	206,644	246,718
Charge for the year	70,516	-	70,516
At 31 March 2019	<u>110,590</u>	<u>206,644</u>	<u>317,234</u>
Net book value			
At 31 March 2019	<u>131,033</u>	<u>-</u>	<u>131,033</u>
At 31 March 2018	<u>128,336</u>	<u>-</u>	<u>128,336</u>

DISHMAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

17. Tangible fixed assets

	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation			
At 1 April 2018	13,573	34,437	48,010
Disposals	-	(995)	(995)
At 31 March 2019	<u>13,573</u>	<u>33,442</u>	<u>47,015</u>
Depreciation			
At 1 April 2018	12,350	12,213	24,563
Charge for the year on owned assets	817	5,638	6,455
Disposals	-	(166)	(166)
At 31 March 2019	<u>13,167</u>	<u>17,685</u>	<u>30,852</u>
Net book value			
At 31 March 2019	<u>406</u>	<u>15,757</u>	<u>16,163</u>
At 31 March 2018	<u>1,223</u>	<u>22,224</u>	<u>23,447</u>

18. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2018	4,517,193
Additions	74,349,400
Disposals	(4,517,193)
At 31 March 2019	<u>74,349,400</u>

DISHMAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

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

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holding
Carbogen Amcis B.V. (Formerly Dishman Netherlands B.V.)	Ordinary	0%
Dishman Carbogen Amcis (Singapore) Pte. Ltd.	Ordinary	69%

On 28 August 2018 Carbogen Amcis B.V. (Formerly Dishman Netherlands B.V.) was disposed of by way of a share for share swap in relation to the acquisition of Dishman Carbogen Amcis (Singapore) Pte. Ltd. An independent valuation was carried out to ascertain the fair value used.

19. Stocks

	2019 £	2018 £
Finished goods and goods for resale	1,597,344	1,051,785
	<u>1,597,344</u>	<u>1,051,785</u>

An impairment loss of £18,056 (2018 - £640,384) was recognised in cost of sales against stock during the year due to slow-moving and obsolete stock.

20. Debtors

	2019 £	2018 £
Due after more than one year		
Other debtors	21,000	21,000
	<u>21,000</u>	<u>21,000</u>
Due within one year		
Trade debtors	7,041,683	3,083,049
Amounts owed by group undertakings	713,544	1,019,179
Other debtors	127,229	115,343
Prepayments and accrued income	250,389	1,432,616
	<u>8,153,845</u>	<u>5,671,187</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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21. Creditors: Amounts falling due within one year

	2019 £	2018 £
Trade creditors	86,761	216,134
Amounts owed to group undertakings	1,554,657	3,716,242
Corporation tax	744,991	-
Other taxation and social security	30,521	79,358
Proceeds of factored debts	920,429	899,410
Other creditors	46,827	6,676
Accruals and deferred income	319,424	284,415
	<u>3,703,610</u>	<u>5,202,235</u>

22. Loans

Analysis of the maturity of loans is given below:

	2019 £	2018 £
Amounts falling due within one year or on demand		
Proceeds of factored debts	<u>920,429</u>	<u>899,410</u>

23. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
159,000 (2018 - 159,000) Ordinary shares shares of £1.00 each	<u>159,000</u>	<u>159,000</u>
The ordinary shares are fully participating voting shares.		

24. Reserves**Profit and loss account**

The reserve represents cumulative profits and losses less distributions.

DISHMAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

25. Pension commitments

The company operates a defined contributions pension scheme for the benefit of certain employees and directors. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £47,254 (2018: £53,920). Contributions totalling £5,812 (2018: £4,044) were payable to the fund at the reporting date and are included in creditors.

26. Commitments under operating leases

At 31 March 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	10,455	53,000
Later than 1 year and not later than 5 years	-	10,455
	<u>10,455</u>	<u>63,455</u>

27. 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.

At the year end Mr J R Vyas, a director of the Company, owed an amount of £54,231 (2018: £8,617) to the Company, which is repayable on demand. Interest is not payable on this balance. During the year Mr J R Vyas was advanced a total of £72,761 and repaid a total of £23,069.

At the year end Mr A Vyas, a director of the Company, was owed an amount of £nil (2018: £3,785) by the Company, which is repayable on demand. Interest is not payable on this balance. During the year Mr A Vyas was advanced a total of £25,569 and repaid a total of £25,569.

DISHMAN EUROPE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019**

28. Controlling party

The Company's immediate and ultimate parent company is Dishman Carbogen Amcis Limited (formerly Dishman Pharmaceuticals and Chemicals Limited), a company incorporated in India, by virtue of its 100% shareholding. The registered office of the parent company is Bhadr-Raj Chambers, Swastik Cross Road, Navrangpura, Ahmedabad, 380 009.

The ultimate controlling party is Mr J R Vyas, who has a controlling interest in Dishman Carbogen Amcis Limited.

The financial statements contain information about Dishman Europe Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 401 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent, Dishman Carbogen Amcis Limited (formerly Dishman Pharmaceuticals and Chemicals Limited).

Copies of the consolidated financial statements of Dishman Carbogen Amcis Limited are available from www.dishmangroup.com.