

Registration number: 05636878

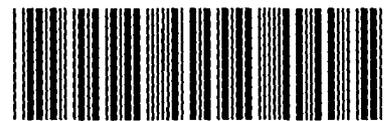
Nemaura Pharma Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2019

HSKS Greenhalgh
18 St Christopher's Way
Pride Park
Derby
DE24 8JY

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Nemauro Pharma Limited (Registration number: 05636878)

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Nemaura Pharma Limited (Registration number: 05636878)

Company Information

Directors D F H Chowdhury

B Timol

Company secretary B Timol

Registered office Advanced Technology Innovation Centre
Loughborough University Science and Enterprise Park
5 Oakwood Drive
Loughborough
Leicestershire
LE11 3QF

Auditors HSKS Greenhalgh
18 St Christopher's Way
Pride Park
Derby
DE24 8JY

Nemaura Pharma Limited (Registration number: 05636878)

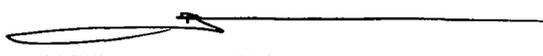
Balance Sheet as at 31 March 2019

		(As restated)	
	Note	2019 £	2018 £
Fixed assets			
Intangible assets	4	220,237	257,803
Tangible assets	5	452,443	638,871
Investments	6	<u>737,023</u>	<u>737,023</u>
		<u>1,409,703</u>	<u>1,633,697</u>
Current assets			
Debtors	7	1,838,691	2,198,584
Cash at bank and in hand		<u>1,801,981</u>	<u>4,102,572</u>
		3,640,672	6,301,156
Creditors: Amounts falling due within one year	8	<u>(556,632)</u>	<u>(3,355,635)</u>
Net current assets		<u>3,084,040</u>	<u>2,945,521</u>
Total assets less current liabilities		4,493,743	4,579,218
Creditors: Amounts falling due after more than one year	8	<u>(5,815,541)</u>	<u>(5,437,313)</u>
Net liabilities		<u>(1,321,798)</u>	<u>(858,095)</u>
Capital and reserves			
Called up share capital	9	3,000	3,000
Share premium reserve		28,000	28,000
Capital redemption reserve		9,000	9,000
Profit and loss account		<u>(1,361,798)</u>	<u>(898,095)</u>
Total equity		<u>(1,321,798)</u>	<u>(858,095)</u>

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 13 April 2020 and signed on its behalf by:



.....
D F H Chowdhury
Director

The notes on pages 3 to 12 form an integral part of these financial statements.

Nemaura Pharma Limited (Registration number: 05636878)

Notes to the Financial Statements for the Year Ended 31 March 2019

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

Advanced Technology Innovation Centre
Loughborough University Science and Enterprise Park
5 Oakwood Drive
Loughborough
Leicestershire
LE11 3QF
England

These financial statements were authorised for issue by the Board on 13 April 2020.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Going concern

The Directors are responsible for preparing the financial statements on the going concern basis, unless it is inappropriate to assume that the company will continue in business. After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that the company has adequate support and resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

Nemaura Pharma Limited (Registration number: 05636878)

Notes to the Financial Statements for the Year Ended 31 March 2019

Audit report

The Independent Auditor's Report was qualified. The company's investment in Microneedle Technologies Limited at 31 March 2019 had a carrying value of £737,023. The audit evidence available to us indicated that the value of this investment was materially impaired by £716,866 at 31 March 2019. Such amendment is required in order to ensure that the financial statements present a true and fair view in relation to this matter. Correspondingly, the carrying value of this investment was overstated as at 31 March 2018 by £715,849.

Other debtors as at 31 March 2019 included an amount due from a related party of £480,662 in respect of which we were unable to obtain sufficient appropriate audit evidence regarding recoverability. Correspondingly, other debtors as at 31 March 2018 included £338,604 for which we were also unable to obtain sufficient appropriate audit evidence regarding recoverability.

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 UK, including 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 qualified opinion.

Material uncertainty relating to going concern

We draw attention to the Going concern section in the Directors' Report and note 2 to the financial statements which relates to the Going concern accounting policy. Furthermore, the financial statements confirm that the company made a pre tax loss of £346,905 during the year ended 31 March 2019 and, as at that date, total liabilities exceed total assets by £1,321,798. These conditions indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The name of the Senior Statutory Auditor who signed the audit report on was Philip Handley FCA, who signed for and on behalf of HSKS Greenhalgh.

Nemaura Pharma Limited (Registration number: 05636878)

Notes to the Financial Statements for the Year Ended 31 March 2019

Prior period errors

The company has an accounting policy to capitalise separately acquired trademarks and licences at historical cost, capitalising subsequent expenditure only to the extent that future economic benefits are enhanced. However, in the financial statements for previous periods the renewal costs for intellectual property were capitalised and amortised over the remaining life of the related patent. In the year ended 31 March 2018 the intangible assets and company profits were overstated by £32,400, which has now been corrected by a prior year adjustment.

The company recognises share capital in issue, irrespective of whether paid or not. However, in the financial statements for the previous period the unpaid share capital was not recognised. Therefore, the financial statements have been restated to include the unpaid share capital amounting to £2,000 with a corresponding amount due to the company. Company profits for the prior period are unaffected in this regard.

During prior periods the company effected a share reduction which, after revisiting the commercial circumstances, should have reduced the share premium account (£4,050) and directors loan account (£4,950), with a corresponding entry increasing the profit and loss reserve (£9,000). The prior period has been restated to include these entries, and company profits are unaffected in this regard.

The company recognises revenue when it can be reliably measured, receipt of economic benefits is probable and when specific criteria have been met. Following the preparation of the financial statements for the current year a number of judgements and commercial arrangements were revisited. Income amounting to £1,250,053 has therefore been excluded from the prior year. Correspondingly a proportion of this income had previously been deferred, amounting to £1,059,831 and, following the derecognition of this income, no longer requires deferral. Furthermore, additional amounts previously deferred amounting to £105,825 have been recognised as income as the company had met the conditions for recognition. The overall effect of the above revenue adjustments amounts to a reduction of revenue (and therefore profit) amounting to £84,397.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

The company recognises revenue when:

The amount of revenue can be reliably measured;

it is probable that future economic benefits will flow to the entity;

and specific criteria have been met for each of the company's activities.

The company has received up front payments for subcontracted activities which will span a number of years. These are treated as deferred income at the outset and are reviewed annually to estimate the amount of work that has been completed on these contracts. The appropriate adjustment is then made to release to revenue from deferred income, for that work which has now been completed.

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Notes to the Financial Statements for the Year Ended 31 March 2019

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rate on the date when the fair value is re-measured.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Leasehold improvements	25% cost straight line
Furniture fittings & equipment	25% cost straight line
Other property, plant and equipment	25% cost straight line

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

The financial statements contain information about Nemaura Pharma Limited as an individual company and do not contain consolidated financial information as the parent of the group. The company is exempt under Section 399 (2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

Intangible assets

Separately acquired trademarks and licences are shown at historical cost.

Trademarks, licences (including software) and customer-related intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Trademarks, licences and customer-related intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Trademarks, patents and licences	5-20 years straightline

Nemaura Pharma Limited (Registration number: 05636878)

Notes to the Financial Statements for the Year Ended 31 March 2019

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 34 (2018 - 34).

Nemaura Pharma Limited (Registration number: 05636878)

Notes to the Financial Statements for the Year Ended 31 March 2019

4 Intangible assets

	Trademarks, patents and licenses £	Total £
Cost or valuation		
At 1 April 2018	327,279	327,279
Additions acquired separately	<u>19,776</u>	<u>19,776</u>
At 31 March 2019	<u>347,055</u>	<u>347,055</u>
Amortisation		
At 1 April 2018	101,879	101,879
Amortisation charge	<u>24,939</u>	<u>24,939</u>
At 31 March 2019	<u>126,818</u>	<u>126,818</u>
Carrying amount		
At 31 March 2019	<u>220,237</u>	<u>220,237</u>
At 31 March 2018	<u>257,803</u>	<u>257,803</u>

5 Tangible assets

	Land and buildings £	Furniture, fittings and equipment £	Other tangible assets £	Total £
Cost or valuation				
At 1 April 2018	43,311	548,243	622,180	1,213,734
Additions	<u>4,900</u>	<u>48,093</u>	<u>46,403</u>	<u>99,396</u>
At 31 March 2019	<u>48,211</u>	<u>596,336</u>	<u>668,583</u>	<u>1,313,130</u>
Depreciation				
At 1 April 2018	24,820	332,018	218,024	574,862
Charge for the year	<u>12,052</u>	<u>112,591</u>	<u>161,182</u>	<u>285,825</u>
At 31 March 2019	<u>36,872</u>	<u>444,609</u>	<u>379,206</u>	<u>860,687</u>
Carrying amount				
At 31 March 2019	<u>11,339</u>	<u>151,727</u>	<u>289,377</u>	<u>452,443</u>
At 31 March 2018	<u>18,490</u>	<u>216,225</u>	<u>404,156</u>	<u>638,871</u>

Included within the net book value of land and buildings above is £11,338 (2018 - £18,490) in respect of short leasehold land and buildings.

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Notes to the Financial Statements for the Year Ended 31 March 2019

6 Investments

	2019 £	2018 £
Investments in subsidiaries	<u>737,023</u>	<u>737,023</u>
Subsidiaries		£
Fair value		
At 1 April 2018		<u>737,023</u>
At 31 March 2019		<u>737,023</u>

The directors have considered the fair value of the investment in Microneedle Technologies Limited. There are a number of contracts expected to be entered into in the subsidiary company in the near future and for this reason, the directors do not believe that an impairment is required to the fair value investment in Microneedle Technologies Limited, which is currently stated at cost.

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2019	2018
Subsidiary undertakings				
Microneedle Technologies Limited	Advanced Technology Innovation Centre, Loughborough University Science And Enterprise, Parks, 5 Oakwood Drive, Loughborough, Leicestershire, LE11 3QF England	Ordinary	100%	100%

Subsidiary undertakings

Microneedle Technologies Limited

The principal activity of Microneedle Technologies Limited is R&D drug delivery. The loss for the financial period of Microneedle Technologies Limited was £1,017 and the aggregate amount of capital and reserves at the end of the period was £20,157.

Nemaura Pharma Limited (Registration number: 05636878)

Notes to the Financial Statements for the Year Ended 31 March 2019

7 Debtors

	(As restated)	
	2019	2018
	£	£
Trade debtors	22,546	62,458
Prepayments	27,045	25,767
Other debtors	1,789,100	2,110,359
	<u>1,838,691</u>	<u>2,198,584</u>

8 Creditors

Creditors: amounts falling due within one year

		(As restated)	
	Note	2019	2018
		£	£
Due within one year			
Trade creditors		82,864	150,854
Amounts owed to group undertakings and undertakings in which the company has a participating interest	11	38,899	19,469
Taxation and social security		55,192	1,400
Accruals and deferred income		347,973	3,183,901
Other creditors		31,704	11
		<u>556,632</u>	<u>3,355,635</u>

Creditors: amounts falling due after more than one year

	(As restated)	
	2019	2018
	£	£
Due after one year		
Other non-current financial liabilities	<u>5,815,541</u>	<u>5,437,313</u>

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Notes to the Financial Statements for the Year Ended 31 March 2019

9 Share capital

Allotted, called up and fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Allotted, called up and not fully paid shares

	2019		2018	
	No.	£	No.	£
Ordinary 1p B shares of £0.01 each	<u>200,000</u>	<u>2,000.00</u>	<u>200,000</u>	<u>2,000.00</u>

10 Obligations under leases and hire purchase contracts

Operating leases

The total of future minimum lease payments is as follows:

	2019	2018
	£	£
Not later than one year	84,352	78,040
Later than one year and not later than five years	<u>132,073</u>	<u>198,965</u>
	<u>216,425</u>	<u>277,005</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £91,661 (2018 - £30,670).

11 Related party transactions

From time to time, the Company pays for items on behalf of other companies with common ownership and directors. In addition, historically non interest bearing loans have been made with these related party companies. At the year end, balances owed to the Company from related party companies total £1,761,388 (2018: £854,977).

At the year end the Company owes £68,246 to companies with common ownership and directors (2018: £19,469)

In the year, a total of £89,000 (2018: £121,500) in donations was made to a number of charities. This included donations of £18,000 (2018: £58,000) paid to Imam Bari Jamia Trust. This latter donation is considered to be to a related party as a trustee of the charity is the brother of one of Nemaura Pharma Limited's directors.

Nemauro Pharma Limited (Registration number: 05636878)

Notes to the Financial Statements for the Year Ended 31 March 2019

Transactions with directors

	At 1 April 2018	Advances to directors	Repayments by director	At 31 March 2019
	£	£	£	£
2019				
Director loan at average official rate for year of 2.5%	<u>2,399</u>	<u>14,426</u>	<u>(5,678)</u>	<u>11,147</u>
	At 1 April 2017	Advances to directors	Repayments by director	At 31 March 2018
	£	£	£	£
2018				
Director loan at average official rate for year of 2.5%	<u>-</u>	<u>375,761</u>	<u>(373,362)</u>	<u>2,399</u>

12 Ultimate controlling party

The ultimate controlling party is D F H Chowdhury due to his controlling shareholding.