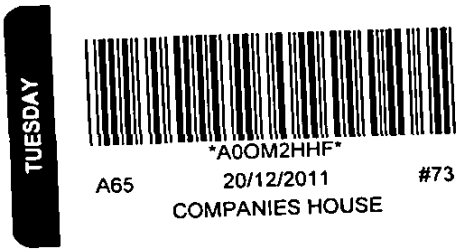
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COMPANY REGISTRATION NUMBER 05118726

LAMBDA THERAPEUTIC LIMITED

FINANCIAL STATEMENTS

31 MARCH 2011



CLAYTON STARK & CO
Chartered Accountants & Statutory Auditor
5th Floor Charles House
108-110 Finchley Road
London
NW3 5JJ

LAMBDA THERAPEUTIC LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

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LAMBDA THERAPEUTIC LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2011

The directors present their report and the financial statements of the group for the year ended 31 March 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a wholly owned subsidiary of Lambda Therapeutic Research Limited, a company incorporated in India The company also has one subsidiary company, Pharm V Solutions Limited, a company providing pharmacovigilance and other consultancy services in the pharmaceutical industry The business of Pharm V Solutions Limited was transferred to the company on 1 November 2010 This subsidiary company is included in the consolidated accounts The group turnover for the year was £1,095,791 as compared with £840,699 for the previous year As mentioned, last year the company was in the process of developing laboratory facilities to test pharmaceuticals The company's laboratory facilities were substantially developed during the year and the company commenced providing analytical services Inevitably, the company incurred substantial non recurring costs which contributed to increased group losses of £647,934 as compared to £163,691 in the previous year It is anticipated the company will achieve profitability once the planned activity levels are achieved in due course The pharmacovigilence part of the business generated increased revenue and it is anticipated that progress will continue to be made going forward

The directors intend to expand the business substantially with the financial, operational and technical assistance of the ultimate parent company

RESULTS AND DIVIDENDS

The loss for the year amounted to £521,629 The directors have not recommended a dividend

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group's principal financial instruments comprise of Bank Balances, Creditors, Debtors and amounts owed to the parent company and related companies The main purpose of these instruments is to raise funds for the company's operations and to finance the company's operations

Due to the nature of the financial instruments used by the company, there is no exposure to price risk The Group's approach to managing other risks applicable to financial instruments is disclosed below

The liquidity risk is managed by maintaining balances with the parent company to ensure sufficient funds are available to meet the requirements of the business The group does not use Bank overdraft facility and the company endeavours to maintain sufficient balances to meet the requirements of the business The company makes use of a bank deposit account when it has funds surplus to needs

Debtors are managed in respect of credit and cash flow risk by monitoring the debtor balances and credit offered to customers

OTHER RISKS

The operational risks mainly relate to competition and the company actively controls costs to overcome this

CREDITOR PAYMENT POLICY

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet the amounts due It is the group's policy to maintain good relationships with its suppliers Suppliers are made aware of the terms of payment, which are agreed with them in advance and these terms are adhered to The number of days' suppliers and purchases included in trade creditors at 31st March 2011 was 61 days

DIRECTORS

The directors who served the company during the year were as follows

Mr B H Chudgar
Mr A Khan
Mr D Saini

Mr D Saini was appointed as a director on 19 November 2010

Mr A Khan retired as a director on 19 November 2010

LAMBDA THERAPEUTIC LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2011

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that year In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 and company's transactions and disclose with reasonable accuracy at any time the financial position of 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as the directors are aware

- there is no relevant audit information of which the group's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITOR

Clayton Stark & Co are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Registered office
5th Floor, Charles House
108 - 110 Finchley Road
London
NW3 5JJ

Signed by order of the directors

MR N PARMAR
Company Secretary

Approved by the directors on 13 DEC 2011

LAMBDA THERAPEUTIC LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF LAMBDA THERAPEUTIC LIMITED *(continued)*

YEAR ENDED 31 MARCH 2011

We have audited the group and parent company financial statements ("the financial statements") of Lambda Therapeutic Limited for the year ended 31 March 2011 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR
As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OPINION ON FINANCIAL STATEMENTS
In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 31 March 2011 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

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept 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



N J KARIYA (Senior Statutory Auditor)
For and on behalf of
CLAYTON STARK & CO
Chartered Accountants
& Statutory Auditor

5th Floor Charles House
108-110 Finchley Road
London
NW3 5JJ

16 DEC 2011

LAMBDA THERAPEUTIC LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 2011

	Note	2011 £	2010 £
GROUP TURNOVER	2	1,095,791	840,699
Cost of sales		1,267,415	784,492
GROSS (LOSS)/PROFIT		(171,624)	56,207
Administrative expenses		474,935	219,840
OPERATING LOSS	3	(646,559)	(163,633)
Interest payable and similar charges	5	1,375	58
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(647,934)	(163,691)
Tax on loss on ordinary activities	6	(126,305)	(42,853)
LOSS FOR THE FINANCIAL YEAR	7	(521,629)	(120,838)

All of the activities of the group are classed as continuing

The group has no recognised gains or losses other than the results for the year as set out above

The company has taken advantage of section 408 of the Companies Act 2006 not to publish its own Profit and Loss Account

The notes on pages 9 to 19 form part of these financial statements

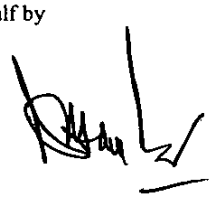
LAMBDA THERAPEUTIC LIMITED

GROUP BALANCE SHEET

31 MARCH 2011

	Note	2011 £	£	2010 £
FIXED ASSETS				
Intangible assets	8		591,629	625,598
Tangible assets	9		993,011	1,032,146
			1,584,640	1,657,744
CURRENT ASSETS				
Debtors	11	531,999		277,358
Cash at bank and in hand		24,240		11,524
		556,239		288,882
CREDITORS: Amounts falling due within one year	13	2,789,937		2,093,927
NET CURRENT LIABILITIES			(2,233,698)	(1,805,045)
TOTAL ASSETS LESS CURRENT LIABILITIES			(649,058)	(147,301)
CREDITORS: Amounts falling due after more than one year	14		19,872	–
			(668,930)	(147,301)
CAPITAL AND RESERVES				
Called-up equity share capital	18		100,000	100,000
Profit and loss account	19		(768,930)	(247,301)
DEFICIT	19		(668,930)	(147,301)

These financial statements were approved by the directors and authorised for issue on 13 DEC 2011, and are signed on their behalf by



MR D SAINI

The notes on pages 9 to 19 form part of these financial statements

LAMBDA THERAPEUTIC LIMITED

BALANCE SHEET

31 MARCH 2011

	Note	2011 £	£	2010 £
FIXED ASSETS				
Tangible assets	9		993,012	1,008,117
Investments	10		757,070	757,070
			1,750,082	1,765,187
CURRENT ASSETS				
Debtors	11	488,027		102,653
Cash at bank and in hand		20,638		6,947
		508,665		109,600
CREDITORS: Amounts falling due within one year	13	2,955,010		2,011,425
NET CURRENT LIABILITIES			(2,446,345)	(1,901,825)
TOTAL ASSETS LESS CURRENT LIABILITIES			(696,263)	(136,638)
CREDITORS: Amounts falling due after more than one year	14		19,872	–
			(716,135)	(136,638)
CAPITAL AND RESERVES				
Called-up equity share capital	18		100,000	100,000
Profit and loss account	19		(816,135)	(236,638)
DEFICIT			(716,135)	(136,638)

These financial statements were approved by the directors and authorised for issue on 13 DEC 2011, and are signed on their behalf by

MR D SAINI

Company Registration Number 05118726

The notes on pages 9 to 19 form part of these financial statements.

LAMBDA THERAPEUTIC LIMITED

GROUP CASH FLOW

YEAR ENDED 31 MARCH 2011

	Note	2011 £	£	2010 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20		73,614	399,398
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20		(1,375)	(58)
TAXATION	20		(1,720)	(25,150)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	20		(83,347)	(379,834)
CASH OUTFLOW BEFORE FINANCING			(12,828)	(5,644)
FINANCING	20		25,544	–
INCREASE/(DECREASE) IN CASH	20		12,716	(5,644)

The notes on pages 9 to 19 form part of these financial statements

LAMBDA THERAPEUTIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2011

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all group undertakings These are adjusted, where appropriate, to conform to group accounting policies Acquisitions are accounted for under the acquisition method and goodwill on consolidation is capitalised and written off over twenty years from the year of acquisition The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group financial statements by virtue of section 408 of the Companies Act 2006

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Goodwill	-	over 20 years straight line

Fixed assets

All fixed assets are stated at cost less depreciation and amortisation

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	-	over 100 years straight line
Plant & Machinery	-	25% p a reducing balance
Fixtures & Fittings	-	20% / 25% p a reducing balance
Motor Vehicles	-	25% p a straight line
Office Equipment	-	25% p a straight line

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

1. ACCOUNTING POLICIES *(continued)*

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities

Going concern

The financial statements are prepared on a going concern basis having regard to future prospects of the company and its subsidiary company, and the continued support of the ultimate parent company

2. TURNOVER

The group's activities are divided between pharmacovigilence of £976,348 (2010 - £840,699) and laboratory testing services £119,443 (2010 - £nil)

An analysis of turnover is given below

	2011	2010
	£	£
United Kingdom	**866,230**	840,699
Rest of Europe	**193,804**	-
North America	**27,506**	-
Asia	**8,251**	-
	1,095,791	840,699

3 OPERATING LOSS

Operating loss is stated after charging

	2011 £	2010 £
Directors' remuneration	–	–
Amortisation of intangible assets	33,969	33,969
Depreciation of owned fixed assets	114,232	18,873
Depreciation of assets held under hire purchase agreements	8,250	–
Operating lease costs		
- Other	74,076	52,983
Net loss on foreign currency translation	4,696	100
Auditor's remuneration - audit of the financial statements	5,500	5,100
Auditor's remuneration - other fees	16,050	11,200

	2011 £	2010 £
Auditor's remuneration - audit of the financial statements	5,500	5,100

Auditor's remuneration - other fees

- Other services	9,550	5,500
- Taxation services	4,500	1,900
- Payroll services	2,000	3,800
	16,050	11,200

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the group during the financial year amounted to

	2011 No	2010 No
Number of management staff	3	2
Number of research and operational staff	17	17
	20	19

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	816,270	271,434
Social security costs	55,273	28,103
	871,543	299,537

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £	2010 £
Finance charges	1,324	–
Other similar charges payable	51	58
	1,375	58

6 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
Corporation tax	-	-
Over/under provision in prior year	-	597
Total current tax	-	597
Deferred tax		
Origination and reversal of timing differences	(126,305)	(43,450)
Tax on loss on ordinary activities	(126,305)	(42,853)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2010 - -7%)

	2011 £	2010 £
Loss on ordinary activities before taxation	(647,934)	(163,691)
Loss on ordinary activities by rate of tax	(136,126)	(34,375)
Expenses not deductible for tax purposes	7,471	1,582
Depreciation in excess of Capital Allowances	26,419	9,424
Adjustment to tax charge in respect of previous periods	-	597
Tax losses not utilised	102,236	23,369
Total current tax (note 6(a))	-	597

7. LOSS ATTRIBUTABLE TO MEMBERS OF THE PARENT COMPANY

The loss dealt with in the financial statements of the parent company was £(579,497) (2010 - £(115,252))

8. INTANGIBLE FIXED ASSETS

Group	Goodwill £
COST	
At 1 April 2010 and 31 March 2011	**679,382**
AMORTISATION	
At 1 April 2010	**53,784**
Charge for the year	**33,969**
At 31 March 2011	**87,753**
NET BOOK VALUE	
At 31 March 2011	**591,629**
At 31 March 2010	625,598

9 TANGIBLE FIXED ASSETS

Group	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Other Assets £	Total £
COST						
At 1 Apr 2010	638,216	298,938	170,907	–	18,235	1,126,296
Additions	–	17,449	19,556	33,000	13,342	83,347
At 31 Mar 2011	638,216	316,387	190,463	33,000	31,577	1,209,643
DEPRECIATION						
At 1 Apr 2010	16,612	–	70,235	–	7,303	94,150
Charge for the year	3,322	79,097	24,045	8,250	7,768	122,482
At 31 Mar 2011	19,934	79,097	94,280	8,250	15,071	216,632
NET BOOK VALUE						
At 31 Mar 2011	618,282	237,290	96,183	24,750	16,506	993,011
At 31 Mar 2010	621,604	298,938	100,672	–	10,932	1,032,146

Hire purchase agreements

Included within the net book value of £993,011 is £24,750 (2010 - £Nil) relating to assets held under hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £8,250 (2010 - £Nil)

Company	Freehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Other Assets £	Total £
COST						
At 1 Apr 2010	638,216	298,938	151,834	–	–	1,088,988
Additions	–	17,449	19,157	33,000	5,501	75,107
Transfers	–	–	19,472	–	26,077	45,549
At 31 Mar 2011	638,216	316,387	190,463	33,000	31,578	1,209,644
DEPRECIATION						
At 1 Apr 2010	16,612	–	64,259	–	–	80,871
Charge for the year	3,322	79,097	24,046	8,250	7,768	122,483
Transfers	–	–	5,975	–	7,303	13,278
At 31 Mar 2011	19,934	79,097	94,280	8,250	15,071	216,632
NET BOOK VALUE						
At 31 Mar 2011	618,282	237,290	96,183	24,750	16,507	993,012
At 31 Mar 2010	621,604	298,938	87,575	–	–	1,008,117

Hire purchase agreements

Included within the net book value of £993,012 is £24,750 (2010 - £Nil) relating to assets held under hire purchase agreements The depreciation charged to the financial statements in the year in respect of such assets amounted to £8,250 (2010 - £Nil)

10 INVESTMENTS

Company	Group companies £
COST	
At 1 April 2010 and 31 March 2011	**757,070**
NET BOOK VALUE	
At 31 March 2011 and 31 March 2010	**757,070**

The company holds all of the issued share capital of Pharm V Solutions Limited (a company incorporated in England and Wales) The company's business was to provide pharmcovigilance and other consultancy services in the pharmaceutical industry, and this business was transferred to the parent company with effect from 1st November 2010

11 DEBTORS

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Trade debtors	**312,250**	43,417	**277,041**	–
Amounts owed by group undertakings	–	–	–	16,591
VAT recoverable	**9,615**	26,735	**9,615**	26,735
Other debtors	**2,602**	137,427	**2,602**	–
Deferred taxation (Note 12)	**167,055**	40,750	**169,755**	43,000
Prepayments and accrued income	**40,477**	29,029	**29,014**	16,327
	531,999	277,358	**488,027**	102,653

12 DEFERRED TAXATION

The movement in the deferred taxation asset during the year was

	Group		Company	
	2011	2010	**2011**	2010
	£	£	**£**	£
Asset/Provision brought forward	**40,750**	(2,700)	**43,000**	-
Increase in asset	**126,305**	43,450	**126,755**	43,000
Asset carried forward	**167,055**	40,750	**169,755**	43,000

The group's asset for deferred taxation consists of the tax effect of timing differences in respect of

Group	2011		2010	
	Provided	**Unprovided**	Provided	Unprovided
	£	**£**	£	£
Excess of depreciation over taxation allowances/(Excess of taxation allowances over depreciation on fixed assets)	**26,687**	-	(2,250)	-
Tax losses available	**140,368**	-	43,000	-
	167,055	-	40,750	-

12 DEFERRED TAXATION *(continued)*

The company's asset for deferred taxation consists of the tax effect of timing differences in respect of

Company	2011		2010	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Excess of depreciation over taxation allowances/(Excess of taxation allowances over depreciation on fixed assets)	**29,387**	-	-	-
Tax losses available	**140,368**	-	43,000	-
	169,755	-	43,000	-

13 CREDITORS· Amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade creditors	**76,996**	144,384	**76,493**	14,509
Amounts owed to group undertakings	**1,175,675**	1,243,020	**1,396,830**	1,175,002
Hire purchase agreements	**5,672**	–	**5,672**	–
Directors' loan accounts	**6,064**	6,064	**6,064**	6,064
Other creditors including taxation and social security				
Corporation tax	**77**	1,797	**–**	–
Other taxation and social security	**79,459**	86,643	**34,547**	2,326
Other creditors	**1,310,009**	445,173	**1,308,669**	659,028
Accruals and deferred income	**135,985**	166,846	**126,735**	154,496
	2,789,937	2,093,927	**2,955,010**	2,011,425

14 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Hire purchase agreements	**19,872**	–	**19,872**	–

15 COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows

	2011	2010
	£	£
Group and Company		
Amounts payable within 1 year	**5,672**	-
Amounts payable between 2 to 5 years	**22,366**	-
	28,038	-
Less interest and finance charges relating to future periods	**(2,494)**	-
	25,544	-

16. COMMITMENTS UNDER OPERATING LEASES

At 31 March 2011 the group had annual commitments under non-cancellable operating leases as set out below

Group	**Land and buildings**	
	2011	2010
	£	£
Operating leases which expire		
Within 1 year	**4,500**	27,000
After more than 5 years	**45,000**	-
	49,500	27,000

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as set out below

Company	**Land and buildings**	
	2011	2010
	£	£
Operating leases which expire		
After more than 5 years	**45,000**	-

17 RELATED PARTY TRANSACTIONS

The company was under the control of Mr B H Chudgar by virtue of his and his family's interest in the ultimate parent company, Lambda Therapeutic Research Limited, India Lambda Therapeutic Sp zoo (Poland) is also a group company Mr B H Chudgar is also a shareholder and director of Intas Pharmaceutical Limited, India and a director of Accord Healthcare Ltd (UK) and Astron Research Ltd (UK) The ultimate parent company of Accord Healthcare Limited (UK),Accord Healthcare Inc (USA) and Astron Research Limited (UK) is Intas Pharmaceutical Limited, India

Transactions with group undertakings are summarised below

	2011	2010
	£	£
Purchases from		
Lambda Therapeutic Research Limited, India	Nil	211,966
Lambda Therapeutic Sp z o o	Nil	73,830

Transactions with related companies are summarised below

	2011	2010
	£	£
Sales to		
Accord Healthcare Limited	441,358	500,687
Accord Healthcare Inc , USA	11,606	46,477
Astron Research Limited	Nil	Nil
Lambda Therapeutic Sp z o o	110,627	Nil

Amounts due to group undertakings at the balance sheet date and included in creditors (note 13)

	2011	2010
	£	£
Lambda Therapeutics Limited, India	1,175,675	1,175,002
Lambda Therapeutic Sp z o o	Nil	68,018

Amounts due to related companies at the balance sheet date and included in creditors (note 13) were

	2011	2010
	£	£
Accord Healthcare Limited	1,203,669	443,833
Intas Pharmaceuticals Limited	1,340	1,340
Astron Research Limited	105,000	Nil

Amounts due from related companies at the balance sheet date and included in Debtors (note 11) were

	2011	2010
	£	£
Astron Research Limited	Nil	90,950
Accord Healthcare Inc , USA	Nil	46,477

Amounts due to directors at the balance sheet date were

	2011	2010
	£	£
Mr B H Chudgar	6,064	6,064

There were no terms as to repayment or interest in respect of the amounts receivable or payable to group or related parties

18 SHARE CAPITAL

Allotted, called up and fully paid:

	2011		2010	
	No	£	No	£
100,000 Ordinary shares of £1 each	**100,000**	**100,000**	100,000	100,000

19 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

Group

	Share capital	Profit and loss account	Total share-holders' funds
	£	£	£
Balance brought forward	100,000	(126,463)	(26,463)
Loss for the year	–	(120,838)	(120,838)
Balance brought forward	100,000	(247,301)	(147,301)
Loss for the year	–	(521,629)	(521,629)
Balance carried forward	100,000	(768,930)	(668,930)

Company

	Share capital	Profit and loss account	Total share-holders' funds
	£	£	£
Balance brought forward	100,000	(121,386)	(21,386)
Loss for the year	–	(115,252)	(115,252)
Balance brought forward	100,000	(236,638)	(136,638)
Loss for the year	–	(579,497)	(579,497)
Balance carried forward	100,000	(816,135)	(716,135)

20 NOTES TO THE CASH FLOW STATEMENT

RECONCILIATION OF OPERATING LOSS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011	2010
	£	£
Operating loss	(646,559)	(163,633)
Amortisation	33,969	33,969
Depreciation	122,482	18,873
(Increase)/decrease in debtors	(128,336)	41,109
Increase in creditors	692,058	469,080
Net cash inflow from operating activities	73,614	399,398

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2011	2010
	£	£
Interest paid	(51)	(58)
Interest element of hire purchase	(1,324)	–
Net cash outflow from returns on investments and servicing of finance	(1,375)	(58)

TAXATION

	2011	2010
	£	£
Taxation	(1,720)	(25,150)

20 NOTES TO THE CASH FLOW STATEMENT *(continued)*

CAPITAL EXPENDITURE

	2011 £	2010 £
Payments to acquire tangible fixed assets	(83,347)	(379,834)
Net cash outflow from capital expenditure	(83,347)	(379,834)

FINANCING

	2011 £	2010 £
Capital element of hire purchase	25,544	–
Net cash inflow from financing	25,544	–

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2011 £	£	2010 £
Increase/(decrease) in cash in the period	12,716		(5,644)
Cash outflow in respect of hire purchase	(25,544)		–
		(12,828)	(5,644)
Change in net debt		(12,828)	(5,644)
Net funds at 1 April 2010		11,524	17,168
Net debt at 31 March 2011		(1,304)	11,524

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2010 £	Cash flows £	At 31 Mar 2011 £
Net cash			
Cash in hand and at bank	11,524	12,716	24,240
Debt			
Hire purchase agreements	–	(25,544)	(25,544)
Net debt	11,524	(12,828)	(1,304)

21 ULTIMATE PARENT COMPANY

The ultimate parent company is Lambda Therapeutic Research Limited, a company incorporated in India

22 POST BALANCE SHEET EVENTS

Subsequent to the year end, the vendor of the company previously acquired by Lambda Therapeutic Ltd, commenced legal action against the company for deferred consideration Also legal action was commenced against the company in connection with employment issues The company is defending these actions vigorously and has counterclaimed for damages suffered by the business No monetary amounts can be attributed to the claims and counterclaims with any degree of certainty as both include issues which remain to be quantified as at the date of approval of the accounts