
ACAMBIS RESEARCH LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



ACAMBIS RESEARCH LIMITED

COMPANY INFORMATION

Directors	X Coron (resigned 21 April 2016) P Grillet (resigned 21 April 2016) A Prosser (resigned 1 April 2016) F X Duhalde (appointed 1 April 2016) H Fry (appointed 1 January 2017) T Stenvall (appointed 21 April 2016, resigned 30 September 2016)
Registered number	02774777
Registered office	One Onslow Street Guildford Surrey GU1 4YS
Independent Auditor	Ernst & Young LLP Statutory Auditors Apex Plaza Forbury Road Reading RG1 1YE

ACAMBIS RESEARCH LIMITED

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ACAMBIS RESEARCH LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors present their strategic report for Acambis Research Limited ("the company") for the year ended 31 December 2016.

Business review

The principal activities of the company is the outsourced research, and product development in relation to vaccines.

The key financial performance indicators during the year were as follows:

	2016 £000	2015 £000	% change
Turnover	3,457	3,941	(12%)
Operating profit	1,784	23,024	(92%)
Shareholders' funds	33,329	31,492	6%

Turnover has reduced by 12% as a result of a reduction in royalty received on the smallpox vaccine.

Operating profits decreased by 92% due to significant other operating income in the prior year from the sale of intellectual property in December 2015 and reduced activity thereafter.

Shareholders' funds increased on prior year due to retained profits in the year.

Principal risks and uncertainties

The company's operations expose it to a variety of risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk. The company complies with the Sanofi (the company's ultimate parent undertaking) policies and risk management program that seeks to limit the adverse effect of these risks on the company. In order to ensure stability of cash outflows and hence manage interest rate risk for the group, Sanofi manages the risk of fluctuation of interest rates on behalf of all companies within the group and uses derivative financial instruments to do this.

Price risk

The company is not materially exposed to commodity price risk as a result of its operations, and therefore believes that the costs of managing these risks outweigh any potential benefit. The directors will revisit the appropriateness of this policy should the company's level of exposure materially increase in the future. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Liquidity risk

The company is financed through intercompany current and loan accounts and also has in place arrangements with Sanofi to ensure the availability of sufficient funds for the company's ongoing operations, should additional funds be required for operations or planned expansions.

ACAMBIS RESEARCH LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

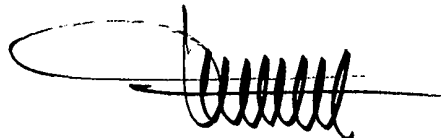
Principal risks and uncertainties (continued)

Interest rate cash flow risk

The company has interest bearing assets and liabilities. Short term interest bearing assets include amounts receivable from other group undertakings within the United Kingdom, which earn interest at LIBOR minus 5 basis points. Short term interest bearing liabilities include amounts payable from other group undertakings within the United Kingdom, which earn interest at LIBOR plus 15 basis points.

No interest is charged on balances due to or receivable from fellow dormant undertakings within the United Kingdom.

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



F X Duhalde
Director

Date:

22.9.18

ACAMBIS RESEARCH LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements of Acambis Research Limited ("the company") for the year ended 31 December 2016.

Results and dividends

The profit for the year, after taxation, amounted to £1,837,000 (2015 - £18,223,000).

The directors do not recommend the payment of a dividend in respect of the year (2015 - £36,700,000).

Directors

The directors who served during the year and/or subsequently were:

X Coron (resigned 21 April 2016)
P Grillet (resigned 21 April 2016)
A Prosser (resigned 1 April 2016)
F X Duhalde (appointed 1 April 2016)
T Stenvall (appointed 21 April 2016, resigned 30 September 2016)
H Fry (appointed 1 January 2017)

Sanofi maintains liability insurance for the directors and officers of all group companies. Sanofi has also provided an indemnity for the directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Future developments

The company will continue to receive royalty income on the remaining intellectual property held.

Research and development activities

The company incurred no research and development costs in the current year (2015 - £13,951,000) following the sale of intellectual property on the HSV, Replivax and Rhinovirus vaccines in December 2015.

Going concern statement

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review on page 1. The financial statements include the company's financial risk management objectives; details of its financial instruments and its exposures to liquidity risk.

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

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 that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that 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.

ACAMBIS RESEARCH LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

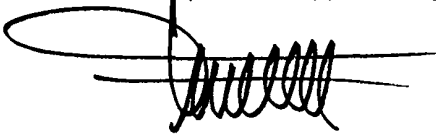
Post balance sheet events

There have been no significant events affecting the company since the year end.

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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



F X Duhalde
Director

Date: 22.9.18

ACAMBIS RESEARCH LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

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 101 'Reduced Disclosure Framework'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACAMBIS RESEARCH LIMITED

We have audited the financial statements of Acambis Research Limited ("the company") for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Balance sheet, the Statement of Changes in Equity and the related notes 1 to 15. The relevant financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' responsibilities statement on page 5, 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 Financial Reporting Council'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 company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 company's affairs as at 31 December 2016 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.

Opinion on other matter 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACAMBIS RESEARCH LIMITED
(CONTINUED)**

Matters on which we are required to report by exception

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

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

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

Ernst & Young LLP

David Hales (Senior statutory auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditors

Reading

Date: *29 September 2017*

ACAMBIS RESEARCH LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £000	2015 £000
Turnover	4	3,457	3,941
Cost of sales		(1,650)	(3,672)
Gross profit		1,807	269
Administrative expenses		(23)	(13,951)
Other operating income		-	36,706
Operating profit	5	1,784	23,024
Interest receivable and similar income	7	112	197
Profit before tax		1,896	23,221
Tax on profit	8	(59)	(4,998)
Profit for the year		1,837	18,223
Total comprehensive income for the year		1,837	18,223

The notes on pages 11 to 22 form part of these financial statements.

ACAMBIS RESEARCH LIMITED
REGISTERED NUMBER: 02774777

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Current assets			
Debtors	9	41,899	41,571
		<u>41,899</u>	<u>41,571</u>
Creditors: amounts falling due within one year	10	(8,570)	(10,079)
		<u>33,329</u>	<u>31,492</u>
Net current assets		<u>33,329</u>	<u>31,492</u>
Total assets less current liabilities		<u>33,329</u>	<u>31,492</u>
Net assets		<u><u>33,329</u></u>	<u><u>31,492</u></u>
Capital and reserves			
Called up share capital	12	-	-
Share premium account	13	-	-
Profit and loss account	13	33,329	31,492
		<u>33,329</u>	<u>31,492</u>
Total equity		<u><u>33,329</u></u>	<u><u>31,492</u></u>

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


F X Duhalde
 Director

The notes on pages 11 to 22 form part of these financial statements.

ACAMBIS RESEARCH LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital £000	Profit and loss account £000	Total equity £000
At 1 January 2016	-	31,492	31,492
Comprehensive income for the year			
Profit for the year	-	1,837	1,837
Total comprehensive income for the year	-	1,837	1,837
At 31 December 2016	-	33,329	33,329

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital £000	Share premium account £000	Profit and loss account £000	Total equity £000
At 1 January 2015	1,240	200,133	(151,398)	49,975
Comprehensive income for the year				
Profit for the year	-	-	18,223	18,223
Total comprehensive income for the year	-	-	18,223	18,223
Dividends: Equity capital	-	-	(36,706)	(36,706)
Share capital reduction	(1,240)	(200,133)	-	(201,373)
Share capital reduction and premium transfer	-	-	201,373	201,373
Total transactions with owners	(1,240)	(200,133)	164,667	(36,706)
At 31 December 2015	-	-	31,492	31,492

The notes on pages 11 to 22 form part of these financial statements.

ACAMBIS RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Acambis Research Limited ("the company") for the year ended 31 December 2016 were authorised for issue by the board of directors on 27 September 2017, and the Balance Sheet was signed on the board's behalf by F X Duhalde. The company is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of the company are included in the consolidated financial statements of Sanofi (20F) which are available on the corporate website.

The principal accounting policies adopted by the company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, unless otherwise specified within these accounting policies, and in accordance with FRS 101 and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016.

ACAMBIS RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by the group; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 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:

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.

ACAMBIS RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.4 Research and development costs

Research expenditure is written off in the year in which it is incurred.

Internally generated development expenses are recognised as an intangible asset if, and only if, all the following six criteria can be demonstrated: (a) the technical feasibility of completing the development project; (b) the group's intention to complete the project; (c) the group's ability to use the project; (d) the probability that the project will generate future economic benefits; (e) the availability of adequate technical, financial and other resources to complete the project; and (f) the ability to measure the development expenditure reliably.

Due to the risks and uncertainties relating to regulatory approval and to the research and development process, the six criteria for capitalisation are usually considered not to have been met until the product has obtained marketing approval from the regulatory authorities. Consequently, internally generated development expenses arising before marketing approval has been obtained, mainly the cost of clinical trials, are generally expensed as incurred within Research and development expenses.

2.5 Debtors

Short term debtors are measured at transaction price, less any provision for 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.

2.6 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

ACAMBIS RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.7 Financial instruments

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance sheet.

ACAMBIS RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.8 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'.

2.9 Interest income

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

2.10 Dividends

Dividends receivable are recognised when they become legally receivable, or are received, and are credited to the Statement of Comprehensive Income.

Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Equity dividends are charged directly to equity.

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable in the Statement of Comprehensive Income.

ACAMBIS RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

2. Accounting policies (continued)

2.11 Current and deferred taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the Balance Sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the Balance Sheet date.

The carrying amount of deferred income tax assets is reviewed at each Balance Sheet date. Deferred income tax assets and liabilities are offset only if: a legally enforceable right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to Other Comprehensive Income if it relates to items that are charged or credited to Other Comprehensive Income. Similarly, income tax is charged or credited directly to equity if it relates to items that are charged or credited directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Balance Sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

No judgements were applied that had a significant effect on amounts recognised in the financial statements.

4. Turnover

Analysis of turnover by country of destination:

	2016 £000	2015 £000
North America and Canada	3,457	3,941

All turnover originates in the United Kingdom.

ACAMBIS RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

5. Operating profit

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

	2016	<i>2015</i>
	£000	<i>£000</i>
Research & development charged as an expense	-	13,951
Gain on disposal of intangible assets	-	36,706
Exchange differences	3	<i>(17)</i>
	<u><u>3</u></u>	<u><u>(17)</u></u>

Auditors' remuneration of £6,500 (2015 - £4,927) was borne by another group company in the current year.

6. Employees

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

	2016	<i>2015</i>
	No.	<i>No.</i>
Selling, general and administration	2	<i>2</i>
	<u><u>2</u></u>	<u><u>2</u></u>

There are no employees other than the directors.

Directors' emoluments are paid by another group company. Directors' services to the company and to a number of group undertakings are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to other group undertakings. Accordingly no directors' remuneration is paid by the company.

7. Interest receivable

	2016	<i>2015</i>
	£000	<i>£000</i>
Interest receivable from group undertakings	112	<i>197</i>
	<u><u>112</u></u>	<u><u>197</u></u>

ACAMBIS RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Taxation

	2016 £000	2015 £000
Corporation tax		
Current tax on profits for the year	134	40
Adjustments in respect of previous periods	(371)	-
Group taxation relief	23	-
Total current tax	(214)	40
Deferred tax		
Origination and reversal of temporary differences	161	4,260
Impact of change in tax laws and rates	112	698
Total deferred tax	273	4,958
Taxation on profit on ordinary activities	59	4,998

Factors affecting tax (credit)/charge for the year

The tax assessed for the year is lower than (2015 - *higher than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.247%). The differences are explained below:

	2016 £000	2015 £000
Profit on ordinary activities before tax	1,896	23,221
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.247%)	379	4,702
Effects of:		
Temporary differences not recognised	-	130
Use of brought forward tax losses	(33)	-
Adjustments to tax charge in respect of previous periods	(371)	-
Change in tax law and rates	84	166
Total tax (credit)/charge for the year	59	4,998

The company has unrecognised tax losses amounting to £13,284,000 (2015 - £14,122,000) that are available indefinitely for offset against future taxable profits of the company. Deferred tax assets have not been recognised in respect of these losses as there is uncertainty over the recoverability.

ACAMBIS RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

8. Taxation (continued)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% was substantively enacted on 2 July 2013 and was effective from 1 April 2015.

Further reductions to 19% (effective from 1 April 2017) and 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 15 September 2016 respectively. A rate of 17% has therefore been applied to the deferred tax asset / liability at the balance sheet date.

The deferred tax included in the company balance sheet is as follows:

	2016 £000	2015 £000
Deferred tax asset		
Accelerated capital allowances	1,750	2,024
Tax losses carried forward	2,258	2,542
Tax losses carried forward unrecognised	(2,258)	(2,542)
	1,750	2,024
	2016 £000	2015 £000
Disclosed in the balance sheet		
Debtors due within one year	160	167
Debtors due after more than one year	1,590	1,857
	1,750	2,024

ACAMBIS RESEARCH LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**

9. Debtors

	2016	2015
	£000	£000
Due after more than one year		
Deferred tax asset	1,590	1,857
	1,590	1,857
Due within one year		
Amounts owed by group undertakings	40,114	39,506
Other debtors	-	6
Deferred tax asset	160	167
Financial instruments	35	35
	41,899	41,571

The amounts owed by group undertakings are unsecured, and repayable on demand. Amounts relating to trading balances owed by non-UK companies and balances owed by dormant companies are interest free. All other balances carry interest at LIBOR minus 5 basis points.

10. Creditors: Amounts falling due within one year

	2016	2015
	£000	£000
Trade creditors	3	3
Financial derivatives	35	18
Amounts owed to group undertakings	952	3,867
Corporation tax	7,580	6,186
Other creditors	-	5
	8,570	10,079

The amounts owed to group undertakings are unsecured, and repayable on demand. Amounts relating to trading balances owed to non-UK companies and balances owed to dormant companies are interest free. All other balances carry interest at LIBOR plus 15 basis points.

ACAMBIS RESEARCH LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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11. Financial instruments

	2016 £000	2015 £000
Financial assets		
Financial assets measured at fair value through profit or loss	35	35
Financial assets that are debt instruments measured at amortised cost	40,113	39,512
	<u>40,148</u>	<u>39,547</u>
Financial liabilities		
Other financial liabilities measured at fair value through profit or loss	(35)	(18)
Financial liabilities measured at amortised cost	(955)	(3,874)
	<u>(990)</u>	<u>(3,892)</u>

Financial assets measured at fair value through profit or loss comprise financial derivatives.

Financial assets measured at amortised cost comprise amounts owed by group undertakings and other debtors.

Other financial liabilities measured at fair value through profit or loss comprise financial derivatives.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings and other creditors.

12. Share capital

	2016 £000	2015 £000
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	-	-

In December 2015, a resolution was passed to reduce the ordinary share capital of the company from 1,240,213 shares to 2 shares of £1 each. The resolution also passed the transfer of the share premium account of £200,133,000 to the profit and loss account.

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**NOTES TO THE FINANCIAL STATEMENTS
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13. Reserves

Share premium account

The share premium account represents the premium arising on the issue of shares net of issue costs.

Profit & loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

14. Post balance sheet events

There have been no significant events affecting the company since the year end.

15. Ultimate parent undertaking and controlling party

The immediate parent undertakings at the Balance Sheet date are Life Science Holdings Inc. and Sanofi Pasteur Biologics LLC, companies incorporated in the USA, by virtue of their 50/50 share holding in the company. The ultimate parent undertaking and controlling party is Sanofi, a company incorporated in France. Sanofi is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2016. The consolidated financial statements of Sanofi, are available from: Sanofi, 54, Rue La Boetie, 75008 Paris, France.