

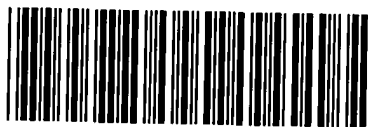
# **Sterix Limited**

Report and financial statements

31 December 2017

Registered number 03337831

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# **Sterix Limited**

## **Officers and professional advisers**

<b>The board of directors</b>	H Semerjian A H Stratton
<b>Company secretary</b>	J E Pullen
<b>Registered office</b>	190 Bath Road Slough SL1 3XE
<b>Auditor</b>	Constantin 25 Hosier Lane London EC1A 9LQ

## Strategic report

The Directors present their strategic report for the year ended 31 December 2017.

### Principal activities and objectives

Sterix Limited researches and develops new generation steroid-based products for the treatment of certain cancers as well as metabolic and endocrine-related disorders. The Company's objectives are to perform research and development of pharmaceuticals for the treatment of human disease.

### Business review

The directors have monitored progress of the Company's overall strategy and the individual strategic elements by reference to certain financial key performance indicators, as follows:

	2017 £000	2016 £000	Change £000	%
Development expenses	(2)	(2)	-	-
Loss before tax	79	121	(42)	(34.7)%
Net interest bearing debt	7,170	7,178	(8)	(0.1)%

The Company continues to hold its portfolio of intellectual property. The routine operational activity of the Company has decreased over the last few years and it was in a stable financial position at the balance sheet date.

### Principal risks and uncertainties

The directors consider that the main risks that the Company is exposed to are the risk of research and development failure and financial risk. The directors review and agree policies for managing all such risks, which are summarised below. These policies have remained unchanged in the current and prior financial periods. However, other risks and uncertainties of which the Company is not aware may also have an impact on its business, financial situation or results.

#### *Research and development failure*

The ultimate cost and success of any research and development programme is uncertain but the Company prepares budgets, plans and forecasts to monitor actively progress during each programmes. Should the directors conclude that clinical or financial success is not achievable within the resources available to the Company, such programmes would be halted or amended in order to minimise costs. The programmes would then be re-assessed.

On behalf of the board



**A H STRATTON**  
Director  
2 March 2018

## Directors' report

The directors present their report and financial statements for the year ended 31 December 2017.

### Directors

The directors who held office during the year were as follows:

J H Barnsley (resigned 22 December 2017)  
J E Pullen (resigned 13 June 2017)  
H Semerjian (appointed 8 December 2017)  
A H Stratton (appointed 13 June 2017)

### Results and dividends

The profit for the year, after taxation, amounted to £nil (2016: £nil). The directors do not recommend the payment of a dividend (2016: £nil).

### Future outlook

The directors believe that the Company's economic progress in the future will depend on its ability to out licence its patent portfolio.

### Political contributions

The Company made no political contributions during the year.

### Research and development

The Company's focus is on research and development of pharmaceuticals for the treatment of human disease and the directors regard investment in research and development as integral to the continuing success of the business. Development costs have continued to reduce in the current year reflecting the lower level of run-out costs following the decision to discontinue the endometrial cancer study in 2011.

### Financial risk management objectives and policies

The Company is exposed to financial risk; principally to currency risk, interest rate risk and liquidity risk, which result from both its operating and borrowing activities. The Company's risk management is coordinated at its premises, in close co-operation with the board of directors and with the Ipsen SA group to which it belongs, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets. The most significant financial risks to which the Company is exposed are described below.

#### *Exchange rate risk*

A high proportion of the Company's transactions are in euros. Funding of foreign currency is managed by the Ipsen SA group's treasury function, in conjunction with local management.

#### *Interest rate risk*

The Company is part of a group pooling arrangement with other group companies whereby excess funds are lent to or deficits borrowed from other group companies. Rates of interest are set with reference to the market rates ruling in the lender's country. At 31 December 2017, the Company is exposed to changes in market interest rates through its borrowing from group companies, which are subject to the variable interest rates as detailed in note 11.

#### *Credit risk*

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the end of the financial year. In respect of trade and other receivables, the Company is not exposed to any significant credit risk with any single counterparty or any group of counterparties having similar characteristics as these balances principally comprise intra-group balances and amounts recoverable for UK VAT. It is Company policy to ensure that all amounts receivable are paid on time and the Company's management consider that the financial assets are not impaired for each of the reporting dates under review and are of good credit quality.

## **Directors' report (continued)**

### **Financial risk management objectives and policies (continued)**

#### *Credit risk (continued)*

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

None of the Company's financial assets are secured by collateral or other credit enhancements.

#### *Liquidity and cash flow risk*

The Company does not generate any income from sales of pharmaceutical products but it achieves cash inflows from the sale of tax losses to other group companies. In the event that this arrangement was to cease or such cash inflows were not sufficient to meet its obligations, the Company would require additional financial support from its parent company.

The Company manages its liquidity needs by carefully monitoring payments for long-term financial liabilities as well as cash outflows due in day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. The Company works in conjunction with the Ipsen SA group's treasury department to maintain its cash to meet its liquidity requirements and the directors expect financial support from the Ipsen SA group to continue.

The directors, having assessed the responses of the directors of the Company's parent company to their enquiries, have no reason to believe that a material uncertainty exists that may cause significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements.

### **Going concern**

The Company is dependent on the on-going support of its parent and associated companies and its parent company, Ipsen Developments Limited, has confirmed that this will continue for a minimum of 12 months after the approval date of the financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

### **Statement of Directors' responsibilities**

The directors are responsible for preparing the Strategic Report, 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 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 the affairs and 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 judgements and estimates that are reasonable and prudent; and
- 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 which enable them to ensure that the financial statements comply with the Companies Act 2006. The directors 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.

## **Directors' report** *(continued)*

### **Statement of Directors' responsibilities** *(continued)*

In so far as each of the directors is aware:

- there is no relevant audit information (information needed by the Company's auditors in connection with preparing their report) of which the Company's auditor is unaware; and
- the directors have taken all the 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.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Auditor**

The Company is not obliged to reappoint its auditor annually and Constantin will therefore continue in office.

On behalf of the board



**A H STRATTON**  
Director  
2 March 2018

## **Independent auditor's report to the members of Sterix Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Sterix Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 15.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, 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.

## Independent auditor's report to the members of Sterix Limited (*continued*)

### Responsibilities of directors (*continued*)

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.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

### Use of our report

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

### Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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 any material misstatements in the strategic report or the directors' report.

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

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

### Alex Legon (Senior Statutory Auditor)

For and on behalf of Constantin, Chartered Accountants and Statutory Auditor

25 Hosier Lane  
London  
EC1A 9LQ  
Date: 2 March 2018





## Statement of Comprehensive Income

For the year ended 31 December 2017

	<i>Note</i>	<b>2017 £000</b>	<b>2016 £000</b>
<b><i>Continuing operations</i></b>			
Administrative expenses / net		<b>10</b>	<b>(16)</b>
Development expenses / net		<b>2</b>	<b>2</b>
Other operating gains and losses		<b>-</b>	<b>3</b>
		<hr/>	<hr/>
<b>Operating gain/(loss)</b>	<b>2</b>	<b>12</b>	<b>(11)</b>
Interest payable and similar charges	<b>5</b>	<b>(91)</b>	<b>(110)</b>
		<hr/>	<hr/>
<b>Loss on ordinary activities before taxation</b>		<b>(79)</b>	<b>(121)</b>
<b>Tax on loss on ordinary activities</b>	<b>6</b>	<b>79</b>	<b>121</b>
		<hr/>	<hr/>
<b>Result for the financial year and total comprehensive income for the year</b>		<b>-</b>	<b>-</b>
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 11 to 18 form part of these financial statements.

## Balance Sheet

As at 31 December 2017

	<i>Note</i>	<b>2017 £000</b>	2016 £000
<b>Non-current assets</b>			
Intangible assets	7	-	-
<b>Current assets</b>			
Debtors due within one year	8	144	149
<b>Total assets</b>		<u>144</u>	<u>149</u>
<b>Capital and reserves</b>			
Called-up equity share capital	14	3	3
Share premium		8,409	8,409
Profit and loss account		(15,563)	(15,563)
<b>Shareholders' deficit</b>		<u>(7,151)</u>	<u>(7,151)</u>
<b>Creditors: Amounts falling due after one year</b>	11	7,265	7,265
<b>Creditors: Amounts falling due within one year</b>	10	30	35
<b>Total liabilities</b>		<u>7,295</u>	<u>7,300</u>
<b>Total equity and liabilities</b>		<u>144</u>	<u>149</u>

These financial statements were approved by the directors on 2 March 2018, authorised for issue and signed on their behalf by:



**A H STRATTON**  
Director

Company Registration number: 03337831

The notes on pages 11 to 18 form part of these financial statements.

## Statement of changes in equity

31 December 2017

Attributable to owners of the company

	Share capital	Share premium	Retained earnings	Total
	£'000	£'000	£'000	£'000
<b>At 1 January 2016</b>	<u>3</u>	<u>8,409</u>	<u>(15,563)</u>	<u>(7,151)</u>
			-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2016 and 1 January 2017</b>	<b>3</b>	<b>8,409</b>	<b>(15,563)</b>	<b>(7,151)</b>
			-	-
Total comprehensive income for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 December 2017</b>	<b><u>3</u></b>	<b><u>8,409</u></b>	<b><u>(15,563)</u></b>	<b><u>(7,151)</u></b>

The notes on pages 11 to 18 form part of these financial statements.

## Notes to the financial statements

### 1. Accounting policies

#### Reporting entity

Sterix Limited ("the Company") is a private company incorporated in England and Wales. The address of the Company's registered office is 190 Bath Road, Slough, Berkshire SL1 3XE. The Company is primarily involved in the research and development of new generation steroid-based products for the treatment of certain cancers as well as metabolic and endocrine-related disorders.

#### Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The Company elected to adopt the standard with a transition date of 1 January 2013.

The financial statements have been prepared on the historical cost basis except where indicated otherwise.

The financial statements are presented in UK sterling, which is also the Company's functional currency, and rounded to the nearest thousand pounds ("£000"), except where indicated.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 14.

The financial statements have been prepared and in accordance with the Companies Act 2006 and the principal accounting policies as summarised below. They have all been applied consistently throughout the year.

#### Going concern

The Company is dependent on the on-going support of its parent and associated companies and its parent company, Ipsen Developments Limited, has confirmed that this will continue for a minimum of 12 months after the approval date of the financial statements. Accordingly, these financial statements have been prepared on a going concern basis.

#### Disclosure exemptions adopted

The following disclosure exemptions have been adopted:

- Preparation of a cash flow statement
- Presentation of comparative reconciliations for property, plant and equipment and intangible assets
- Disclosure of key management personnel compensation
- Capital management disclosures
- Disclosures in respect of standards in issue not yet effective

The following disclosure exemption has also been adopted as equivalent disclosures are provided in the parent consolidated financial statements.

- Reduced financial instruments disclosures relating to IFRS 7
- Narrative regarding impairment of assets under IAS 36

#### Foreign currency - Functional and presentation currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income.

## Notes to the financial statements

### 1. Accounting policies *(continued)*

#### Intangible assets

Expenditure on research activities is recognised in the statement of comprehensive income as an expense when incurred.

Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the statement of comprehensive income as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

Licence rights, software licences and other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Licence rights and associated development costs are carried at cost, subject to impairment review, and amortised from the date of issue of marketing approval. Other intangible assets are amortised from the date they are available for use.

#### Impairment

The carrying amounts of the Company's assets and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

#### *Calculation of recoverable amount*

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### *Reversals of impairment*

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes to the financial statements

### 1. Accounting policies *(continued)*

#### Financial assets

Under IFRS 7, the Company's loans, trade and other receivables are categorised as "Loans and receivables" as they are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The valuation method for this category of financial asset is "amortised cost" using the effective interest method, less any impairment provision. For all current receivables "amortised cost" is effectively cost.

The carrying values of the Company's financial assets are reviewed throughout the year to determine whether there is any indication of impairment. If any such indication exists, an impairment loss is recognised to reduce the asset's carrying value to the estimated recoverable amount. For receivables, this review is based on the latest information available and any financial assets that are substantially past due are also considered for impairment. Any change in the value of financial assets is recognised in the statement of profit or loss line item "interest payable and similar charges" or "interest receivable and similar income", as appropriate.

#### Financial liabilities

The Company's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method. For all current payables "amortised cost" is effectively cost.

Financial liabilities are recognised when the Company becomes a party to the contractual terms of the instrument. All interest-related charges, and if applicable, changes in an instrument's fair value are reported in the statement of profit or loss line item "interest payable and similar charges" or "interest receivable and similar income", as appropriate.

#### Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on material temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The temporary differences relating to investments in subsidiaries are not provided for to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

#### Equity

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Retained earnings" represents retained profits or accumulated deficits.

## Notes to the financial statements

### 2. Operating gain/(loss)

Operating gain/(loss) is stated after charging/(crediting):

	2017 £000	2016 £000
Net loss/(gain) on foreign currency translation	-	3
Auditors remuneration for the audit of the financial statements	3	3
	<u>          </u>	<u>          </u>

### 3. Staff numbers and costs

The Company had no employees in the year 2017 (2016: nil).

### 4. Directors' remuneration

There were no sums paid in respect of directors' services in the year 2017 (2016: nil).

### 5. Interest payable and similar charges

	2017 £000	2016 £000
Interest payable to group undertakings	91	110
	<u>          </u>	<u>          </u>

### 6. Taxation on ordinary activities

#### Analysis of charge in the year:

	2017 £000	2016 £000
<i>Current tax:</i>		
Tax charge/(credit) using the effective UK corporation tax rate of 19.25% (2016: 20%)	(80)	(132)
<i>Deferred tax:</i>		
Charge for the year (note 9)	1	11
	<u>          </u>	<u>          </u>
Total tax on loss on ordinary activities	(79)	(121)
	<u>          </u>	<u>          </u>

## Notes to the financial statements

### 6. Taxation on ordinary activities (continued)

#### Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19.25% (2016 20%).

	2017 £000	2016 £000
Loss on ordinary activities before taxation	(79)	(121)
Loss on ordinary activities at the rate of tax	(15)	(24)
Remuneration recorded for group relief	(64)	(97)
Total tax credit	(79)	(121)

In the year tax losses of £125,000 were sold to related companies for £79,000.

### 7. Intangible fixed assets

	Cost £000	Patents Amortisation £000	Net book value £000
Balance at 1 January 2017 and 31 December 2017	3,900	3,900	-

### 8. Debtors

	2017 £000	2016 £000
Amounts owed by group undertakings	118	121
Deferred taxation (note 9)	26	27
	144	148

All amounts are short-term.

Included within amounts owed by group undertakings are loans of £94,000 (2016: £86,000) which are perpetual. The interest rate on lending to UK group undertakings is set at 1 January each year at the current UK base rate plus 1%. In 2017 interest was charged at the rate of 1.25% (2016: 1.5%). The interest rate on loans to overseas companies is based on the LIBOR three-month rate. In 2017 the average rate of interest charged was 0.87% (2016: 0.98%).

All of the other trade and other receivables have been reviewed for indicators of impairment and no impairment losses were booked against receivables at the end of the year (2016: £nil). None of the trade receivables were due after more than one year.



## Notes to the financial statements

### 9. Deferred taxation

The deferred tax asset included in the Balance sheet relates to the following:

	2017 £000	2016 £000
Fixed assets	26	27
	<u>26</u>	<u>27</u>

The amounts charged to the statement of comprehensive income in the current and prior year related to fixed assets.

The movement in the deferred taxation account during the year was:

	2017 £000	2016 £000
Balance brought forward	27	38
Tax expense recognised in statement of comprehensive income	(1)	(11)
	<u>26</u>	<u>27</u>
Balance carried forward	26	27

### Unrecognised deferred tax assets

	2017 £000	2016 £000
Deferred tax assets have not been recognised in respect of the following items:		
Trading losses	2,012	2,012
	<u>2,012</u>	<u>2,012</u>

Deferred tax assets have not been recognised in respect of trading losses as it is not probable that future taxable profit will be available against which the Company can utilise the benefits therefrom.

### 10. Creditors: Amounts falling due within one year

	2017 £000	2016 £000
Trade creditors	5	6
Amounts owed to group undertakings	25	29
	<u>30</u>	<u>35</u>

### 11. Creditors: Amounts falling due after more than one year

	2017 £000	2016 £000
Amounts owed to group undertakings	7,265	7,265
	<u>7,265</u>	<u>7,265</u>

Amounts owed by group undertakings relate to loans, which are perpetual. The interest rate on UK loans is set at 1 January each year at the current UK base rate plus 1%. In 2017 interest was charged at the rate of 1.25% (2016: 1.5%).

## Notes to the financial statements

### 12. Share capital

	<b>Ordinary shares</b>	
	<b>2017</b>	<b>2016</b>
	<b>Number</b>	<b>Number</b>
In issue at 1 January and 31 December – fully paid	<b>64,968</b>	64,968
	<hr/>	<hr/>
	<b>2017</b>	<b>2016</b>
	<b>£000</b>	<b>£000</b>
<b>Authorised</b>		
Ordinary shares of 5p each	<b>5</b>	5
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
Ordinary shares at 5p each	<b>3</b>	3
	<hr/>	<hr/>

The shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

### 13. Related party transactions

During the year the Company entered into transactions in the ordinary course of business, with other related parties. The Company has taken advantage of the exemption under paragraph 8(k) of FRS 101 not to disclose transactions with fellow owned subsidiaries.

All trading transactions with related parties are on commercial terms and at arm's length value.

### 14. Accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below.

All accounting estimates used in preparing the financial statements are consistent with internal budgets and forecasts. Judgements are based on information available at each balance sheet date. Although these estimates are based on the best information available to management, actual results may ultimately differ from those estimates.

#### Research and development accruals

The value of accrued research and development costs at the year-end involves estimates based on the project manager's assessment in conjunction with the finance team of the amount of work done by the research institute in the period since the last invoice.

#### Taxation

The Company estimates tax liabilities for undetermined years. Any differences arising between the final tax liability and the amounts recorded in the financial statements will impact on the tax charge in the year in which the determination is made.

## Notes to the financial statements

### 15. Ultimate parent company

The Company's immediate parent company and controlling party is Ipsen Developments Limited. The Company's ultimate parent company and controlling party is Beech Tree SA, which is incorporated in Luxembourg.

Beech Tree SA heads the largest group in which the results of the Company are consolidated. The smallest group in which the results of the Company are consolidated is that headed by Ipsen SA, which is incorporated in France. The consolidated financial statements of Ipsen SA are available to the public and may be obtained from 65 quai Georges Gorse, 92100 Boulogne-Billancourt, France.

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