

Sterix Limited

Report and financial statements

31 December 2022

Registered number 03337831



Sterix Limited

Officers and professional advisers

The board of directors

A Visciglio
L Millar-Kelly

Company secretary

L Millar-Kelly

Registered office

190 Bath Road
Slough
SL1 3XE

Auditor

Constantin
25 Hosier Lane
London
EC1A 9LQ

Strategic report

The Directors present their strategic report for the year ended 31 December 2022.

Principal activities and objectives

Sterix Limited's main activity is as a holder of intellectual property.

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:

	2022 £000	2021 £000	Change £000	%
Loss before tax	(181)	(83)	(98)	218%
Net interest-bearing debt	(7,163)	(7,157)	(6)	0%

The Company continues to hold its portfolio of intellectual property. 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 programme. 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.

COVID-19 Pandemic

The Company, and its parent and associated group companies, continue to closely monitor the situation regarding the COVID-19 pandemic. There was no material impact on the Company's performance in 2022, as a result of the pandemic. There is not considered to be any further material impact due to the pandemic in 2023.

Ongoing conflict in Ukraine

Ipsen is firmly committed to providing essential support and access to its treatments and medicines for patients. Ipsen's position is to continue to serve patients with their healthcare needs, regardless of their country origin and in compliance with applicable laws. In Russia, the Ipsen Group has, however, suspended several promotional activities, including advertising. No new clinical trials will be initiated in Russia.

There is no direct or indirect impact on performance and trends, but both the Company and the Ipsen Group continues to monitor the situation closely.

On behalf of the board


Alexa Visciglio (Aug 22, 2023 16:10 GMT+2)

A VISCIGLIO
Director
21 August 2023

Directors' report

The directors present their report and financial statements for the year ended 31 December 2022.

Directors

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

A Visciglio
L Millar-Kelly (Resigned 28/05/2021) (reappointed 05/04/2022)
R D Tomkinson (Appointed 28/05/2021) (resigned 05/04/2022)*

*R D Tomkinson appointed temporarily to cover planned staff absence.

Results and dividends

The profit for the year, after taxation, amounted to £nil (2021: £nil). The directors do not recommend the payment of a dividend (2021: £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.

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.

UK Inflation risk

The high cost of living and inflation rates in the UK may have an impact on the business. The directors are continuously monitoring the inflationary situation and do not believe that this will have a long lasting impact on the business.

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 2022, 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;
- state where applicable Accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements 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.

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

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.

Auditor

The auditors, Constantin, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

On behalf of the board


Alexandre Visciglio (Aug 22, 2023 16:10 GMT+2)

A VISCIGLIO
Director
21 August 2023

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 of Sterix Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 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 which comprise:

- the income statement;
- the balance sheet;
- the statement of changes in equity; and,
- the related notes 1 to 15, which include a statement of accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 Financial Reporting Council's (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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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

We have nothing to report in this regard.

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

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.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and the directors about their own identification and assessment of the risks of irregularities, including those that are specific to the company's business sector.

We obtained an understanding of the legal and regulatory framework[s] that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the Companies Act 2006; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and

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

- reading minutes of meetings of those charged with governance.

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.

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.



Thierry de Gennes ACA (Senior Statutory Auditor)
For and on behalf of Constantin, Chartered Accountants and Statutory Auditor
25 Hosier Lane
London
EC1A 9LQ
Date: 21 August 2023

Income Statement

For the year ended 31 December 2022

	Note	2022 £000	2021 £000
Continuing operations			
Administrative expenses		(4)	(3)
Operating (loss)	2	(4)	(3)
Interest payable and similar charges	5	(177)	(80)
Loss on ordinary activities before taxation		(181)	(83)
Tax on loss on ordinary activities	6	181	83
Result for the financial year and total comprehensive income for the year		-	-

The profit and loss account has been prepared on the basis that all operations are continuing operations.


The notes on pages 12 to 19 form part of these financial statements.

Balance Sheet

As at 31 December 2022

	Note	2022 £000	2021 £000
Non-current assets			
Intangible assets	7	-	-
Current assets			
Debtors due within one year	8	258	141
Total assets		<u>258</u>	<u>141</u>
Capital and reserves			
Called-up equity share capital	12	3	3
Share premium		8,409	8,409
Profit and loss account		(15,563)	(15,563)
Shareholders' deficit		<u>(7,151)</u>	<u>(7,151)</u>
Creditors: Amounts falling due after one year	11	7,265	7,265
Creditors: Amounts falling due within one year	10	144	27
Total liabilities		<u>7,409</u>	<u>7,291</u>
Total equity and liabilities		<u>258</u>	<u>140</u>

These financial statements were approved by the directors on 21 August 2023, authorised for issue and signed on their behalf by:


Aloxa Visciglio (Aug 22, 2023 16:10 GMT+2)

A VISCIGLIO
Director
21 August 2023

Company Registration number: 03337831

The notes on pages 12 to 19 form part of these financial statements.

Statement of changes in equity

31 December 2022

Attributable to owners of the company

	Share capital	Share premium	Retained earnings	Total
	£'000	£'000	£'000	£'000
At 1 January 2021	3	8,409	(15,563)	(7,151)
Result for the financial year	-	-	-	-
At 31 December 2021 and 1 January 2022	3	8,409	(15,563)	(7,151)
Result for the financial year	-	-	-	-
At 31 December 2022	3	8,409	(15,563)	(7,151)

The notes on pages 12 to 19 form part of these financial statements.

Notes to the financial statements

1. Accounting policies

Reporting entity

Sterix Limited ("the Company") is a private company, limited by shares incorporated in England and Wales. The address of the Company's registered office is 190 Bath Road, Slough, Berkshire SL1 3XE.

Basis of preparation

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

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 13.

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 (continued)

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. They are amortised over a prudent estimate of the economic life of the asset after taking into account associated risk factors associated with R&D activities. The principal annual rate used for this purpose is:

- patents	25%
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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 (continued)

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.

When available, tax losses are sold to other Group companies and sometimes for nil consideration.

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 (continued)

2. Operating (loss)/gain

Operating (loss)/gain is stated after charging:

	2022 £000	2021 £000
Auditor's remuneration for the audit of the financial statements	4	4

3. Staff numbers and costs

The Company had no employees in the year 2022 (2021: nil).

4. Directors' remuneration

There were no sums paid in respect of directors' services in the year 2022 (2021: nil).

5. Interest payable and similar charges

	2022 £000	2021 £000
Interest payable to group undertakings	177	80

6. Taxation on ordinary activities

Analysis of charge in the year:

	2022 £000	2021 £000
<i>Current tax:</i>		
Tax credit using the effective UK corporation tax rate of 19% (2021: 19%)	(183)	(84)
<i>Deferred tax:</i>		
Charge for the year (note 9)	2	1
Total tax on loss on ordinary activities	(181)	(83)

Notes to the financial statements (continued)

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% (2021 19%).

	2022 £000	2021 £000
Loss on ordinary activities before taxation	(181)	(83)
Loss on ordinary activities at the rate of tax	(34)	(16)
Remuneration recorded for group relief	(147)	(67)
Total tax credit	(181)	(83)

7. Intangible fixed assets

	Cost £000	Patents Amortisation £000	Net book value £000
Balance at 1 January 2022 and 31 December 2022	3,900	3,900	-

8. Debtors

	2022 £000	2021 £000
Amounts owed by group undertakings	249	130
Deferred taxation (note 9)	9	11
	258	141

All amounts are short-term apart from the deferred tax asset which is a non-current asset

Included within amounts owed by group undertakings are loans of £102,209 (2021: £107,835) 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 2022 interest was charged at the rate of 1.25% (2021: 1.1%). The interest rate on loans to overseas companies is based on the LIBOR three-month rate. In 2022 the average rate of interest charged was 1.8% (2021: 0.00%).

Notes to the financial statements (continued)

9. Deferred taxation

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

	2022 £000	2021 £000
Fixed assets	9	11

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:

	2022 £000	2021 £000
Balance brought forward	11	12
Tax expense recognised in statement of comprehensive income	(2)	(1)
Balance carried forward	9	11

Unrecognised deferred tax assets

	2022 £000	2021 £000
Deferred tax assets have not been recognised in respect of the following items:		
Trading losses	2,959	2,959

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

	2022 £000	2021 £000
Trade creditors	6	7
Amounts owed to group undertakings	138	20
	144	27

11. Creditors: Amounts falling due after one year

	2022 £000	2021 £000
Amounts owed to group undertakings	7,265	7,265

Amounts owed to 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 2022 interest was charged at the rate of 1.25% (2021: 1.10%).

Notes to the financial statements (continued)

11. Creditors: Amounts falling due after one year (continued)

a) Analysis of borrowings and lease liabilities

	2022 £000	2021 £000
Amount due for settlement:		
After five years	<u>7,265</u>	<u>7,265</u>

b) Analysis of borrowings

	2022 £000	2021 £000
Unsecured borrowing		
Amounts owed to group undertakings	<u>7,265</u>	<u>7,265</u>
Total borrowings	<u>7,265</u>	<u>7,265</u>

	2022 £000	2021 £000
Amount due for settlement:		
After five years		
Other loans	<u>7,265</u>	<u>7,265</u>
	<u>7,265</u>	<u>7,265</u>

12. Share capital

	Ordinary shares 2022 Number	2021 Number
In issue at 1 January and 31 December – fully paid	<u>64,968</u>	<u>64,968</u>
	2022 £000	2021 £000
Authorised		
Ordinary shares of 5p each	<u>5</u>	<u>5</u>
Allotted, called up and fully paid		
Ordinary shares at 5p each	<u>3</u>	<u>3</u>

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.

Notes to the financial statements (continued)

13. 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.

13.1 Critical accounting estimates and assumptions

a. 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.

b. Useful economic lives of intangible fixed assets

The annual depreciation charge for intangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives are re-assessed annual. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the patent protection or data exclusivity from which the assets benefit. As indicated in note 1, the estimated useful life of patents is 4 years. However, the actual useful life might be shorter or longer depending on technological innovations and other factors. The carrying amount of the relevant intangible assets as at 31 December 2022 was nil (2021: £nil). Impairment reviews performed during the year indicated that the carrying value of the Company's intangible assets was considered supportable.

13.2 Critical judgements in applying the Company's accounting policies

a. Impairment of intangible fixed assets

Intangible assets are regularly reviewed for impairment and whenever there is an indication that an impairment might exist. To assess if there is any impairment or any reversal of impairment required, estimates are made of the future cash flows expected to result from the use of these assets and their eventual disposal. These estimated cash flows are then adjusted to the present value using an appropriate discount rate that reflects the risks and uncertainties associated with the forecasted cash flows. Actual outcomes could vary significantly from such estimates of discounted future cash flows. Factors such as the entrance or absence of competition, technical obsolescence or lower than expected rights could result in shortened useful lives and impairments.

14. 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 Ipsen SA which is incorporated in France.

Ipsen SA heads the smallest group in which the results of the Company are consolidated. 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.

15. Subsequent events

There were no post-balance sheet events requiring disclosure or adjustment in the financial statements.