Maelor Laboratories Limited

Annual report and financial statements for the eighteen months ended 31 December 2016

Company no 03357249

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Maelor Laboratories Limited

Company Information

Company registration number	03357249
Registered office	Avonbridge House Bath Road Chippenham Wiltshire SN15 2BB
Directors	J Dawson P J Butterfield A T Franklin
Secretary	S N Robinson (appointed 17 December 2015, resigned 31 December 2016) R C Bellhouse (appointed 31 December 2016, resigned 1 September 2017) C T Chrysanthou (appointed 1 September 2017)
Bankers	Barclays Bank Plc 22/24 Upper Marlborough Road St Albans AL1 3AL Royal Bank of Scotland 3rd Floor 3 Temple Back East Bristol BS1 6DZ
Auditor	KPMG LLP 66 Queens Square Bristol BS1 4BE

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Strategic report

The Directors present their annual report and the financial statements of the Company for the eighteen months to 31 December 2016.

Principal Activity

The principal activity of the Company is the selling and marketing of pharmaceutical products and medical devices through third party wholesalers and distributors.

Business Review

On 17 December 2015 Alliance Pharmaceuticals Limited completed the acquisition of certain assets and businesses from Sinclair IS Pharma plc, including Maelor Laboratories Limited (incorporated in England and Wales).

The results of the Company for the eighteen months show turnover of £23,933,000 and a profit before tax of £6,484,000. The company did not trade in the previous 12 months.

Key performance indicators

The operations of Maelor Laboratories Limited are managed at Alliance Pharma plc group level and the directors therefore believe that disclosure of key performance indicators for the company are not appropriate to understand the performance or position of the business, with the exception of those disclosed in the business review. The performance of Alliance Pharma plc is disclosed in the Group's annual report and financial statements which are publically available.

Future developments and outlook

In the second half of 2016, the activities of Maelor Laboratories Limited began transferring to Alliance Pharmaceuticals Limited. Our expectation is that the trade and assets will be fully hived up, with the exception of debtors, cash and payables, into Alliance Pharmaceuticals Limited during 2017. After debtors and payables have been realised, cash will transfer to Alliance Pharmaceuticals Limited through a dividend distribution and Maelor Laboratories Limited is expected to be a dormant company from 1 January 2018.

Principal risks and uncertainties

The Directors of Alliance Pharma plc, the Company's parent undertaking, manage the Group's risks at a group level, rather than at an individual business unit level. The principal risks and uncertainties of the Alliance Pharma plc Group, which include those of the Company, and how they are managed are disclosed on pages 27-29 in the Strategic Report of the Group's annual report which does not form part of this report.

BY ORDER OF THE BOARD

C Chrysanthou
Company Secretary
21 September 2017

Directors' report

Directors

The Directors who served the Company during the period or were appointed subsequently were as follows:

JR Tate	(resigned 17 December 2015)
CHF Foucher	(resigned 17 December 2015)
AM Olby	(resigned 17 December 2015)
CP Spooner	(resigned 17 December 2015)
J Dawson	(appointed 17 December 2015)
PJ Butterfield	(appointed 17 December 2015)
AT Franklin	(appointed 17 December 2015)

Financial instruments

The company does not enter into any hedging instruments or financial instruments for speculative purposes. Appropriate trade terms are negotiated with suppliers and customers. Management review these terms and the relationships with suppliers and customers and manages any exposure on normal trade terms. The company prepares regular forecasts of cash flow and liquidity and any requirement for additional funding is managed as part of the overall Alliance Pharma plc financing arrangements.

Disclosure of information to auditor

The Directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

BY ORDER OF THE BOARD

C Chrysanthou
Company Secretary
21 September 2017

Statement of Directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 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 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 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; 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAELOR LABORATORIES LIMITED

We have audited the financial statements of Maelor Laboratories Limited for the eighteen months ended 31 December 2016 set out on pages 7 to 17. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 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 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.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out 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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- 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 period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, 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.

A Campbell

Andrew Campbell-Orde (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
66 Queen Square
Bristol
BS1 4BE

28 September 2017

Maelor Laboratories Limited
Profit and Loss Account
For the eighteen months ended 31 December 2016

	Note	Eighteen months ended 31 December 2016 £000s	Year ended 30 June 2015 £000s
Turnover	3	23,933	-
Cost of sales		(12,669)	-
Gross profit		11,264	-
Administrative expenses		(3,576)	-
Operating profit		7,688	-
Interest receivable and similar income	5	351	-
Interest payable and similar expenses	6	(1,555)	-
Profit before taxation		6,484	-
Tax on profit	8	(1,227)	-
Profit for the period		5,257	-

There were no recognised gains and losses other than the profit for the period as noted above and therefore no separate Statement of Comprehensive Income has been prepared

All the results shown in the profit and loss account, derive from continuing operations. The notes on pages 10 to 17 form part of these financial statements.

Maelor Laboratories Limited
Balance sheet
At 31 December 2016

	Note	31 December 2016 £000s	31 December 2016 £000s	30 June 2015 £000s	30 June 2015 £000s
Fixed Assets					
Intangible assets	9	59,700		-	
			59,700		-
Current assets					
Stocks	10	2,007		-	
Debtors	11	13,243		-	
Cash at bank and in hand	12	2,455		-	
		17,705		-	
Creditors: amounts falling due within one year	4	(71,751)		-	
		(71,751)		-	
Net current liabilities			(54,046)		-
Total assets less current liabilities			5,654		-
Creditors: amounts falling due after more than one year:					
Deferred tax liability	15		(397)		-
Net assets			5,257		-
Capital and reserves					
Called up share capital	16		-		-
Profit and loss account			5,257		-
Shareholders' funds			5,257		-

The financial statements were approved by the Board of Directors on 21 September 2017 and were signed on its behalf by:

John Dawson
Director

Andrew Franklin
Director

Company number 03357249

The accompanying accounting policies and notes form an integral part of these financial statements.

Maelor Laboratories Limited
Statement of changes in shareholders' equity
At 31 December 2016

	Ordinary share capital £000s	Profit and loss account £000s	Total equity £000s
Balance at 1 July 2015	-	-	-
Profit for the period	-	5,257	5,257
Total comprehensive income for the period	-	5,257	5,257
Balance at 31 December 2016	-	5,257	5,257

	Ordinary share capital £000s	Profit and loss account £000s	Total equity £000s
Balance at 1 July 2014	-	-	-
Profit for the year	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 30 June 2015	-	-	-

1. General information and principal accounting policies

General information
Maelor Laboratories Limited was acquired by Alliance Pharmaceuticals Limited on 17 December 2015 from Sinclair IS Pharma plc. Prior to the acquisition, the company was dormant and commenced trading on 17 December 2015. The directors have elected to extend the reporting period of these accounts to 18 months ending the 31 December 2016, to be consistent with the reporting period of the Group.

The Company markets and distributes pharmaceutical products. The Company is a private company limited by shares incorporated and domiciled in England under the Companies Act. The address of its registered office is Avonbridge House, Bath Road, Chippenham, Wiltshire, SN15 2BB.

2. Summary of significant accounting policies

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

2.1 Basis of preparation
These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2014/15 Cycle) issued in July 2015 have been applied.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries ;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel; and

As the consolidated financial statements of Alliance Pharma plc include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 3 Business Combinations in respect of business combinations undertaken by the Company in the current and prior periods including the comparative period reconciliation for goodwill; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures.

2.2 Going concern
At the balance sheet date the company had net current liabilities of £54,046,000 (2015: nil) and net assets of £5,257,000 (2015: nil). This includes net amounts due to Alliance Pharma plc and other group undertakings amounting to £60,474,000 (2015: nil). It is therefore clear that the company requires financial support from its ultimate parent undertaking, Alliance Pharma plc, to enable it to meet its liabilities as they fall due. Alliance Pharma plc has confirmed that it will provide the necessary financial support for at least 12 months from the date of approval of these financial statements to enable the company to meet its liabilities as they fall due. The directors of the company have made appropriate enquiries of the directors of Alliance Pharma plc to confirm that they are satisfied that the financial support will be available and accordingly continue to prepare the financial statements on a going concern basis.

2.3 Judgements and estimates
The preparation of the financial statements requires the Directors to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by the Directors on an on-going basis. Revisions to accounting estimates are recognised in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The following are the critical judgements that the Directors have made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the Group's financial statements. These are as follows:

- determination of useful economic lives for intangible assets (note 9);
- key assumptions used in discounted cash flow projections for impairment testing of goodwill and intangible assets; and
- assumptions underlying the stock obsolescence provision (note 10).

2. Summary of significant accounting policies (continued

2.4 Turnover
Turnover comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Company's activities. Turnover is shown net of value-added tax, estimated returns, rebates, including the Pharmaceutical Price Regulation Scheme, and discounts and represents amounts invoiced to third parties or other group companies in relation to the Company's sole activity, namely the distribution of pharmaceutical products. Turnover is recognised at the point when substantially all of the risks and rewards of ownership are transferred to the customer; normally this is on dispatch.

2.5 Foreign currency transactions
The financial statements are presented in Sterling, which is the presentational currency of the Company. Foreign currency transactions are booked at the exchange rate ruling on the date of the transaction. Foreign currency monetary assets and liabilities are retranslated into local currency at the rate of exchange ruling at the balance sheet date. Exchange differences are booked to the profit and loss account.

2.6 Intangible assets
Acquired intangible assets

(i) Brands

Separately acquired brands are shown at cost less accumulated amortisation and impairment. Brands acquired as part of a business combination are recognised at fair value at the acquisition date, where they are separately identifiable. Brands are amortised over their useful economic life, except when their life is determined as being indefinite.

Applying indefinite lives to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. Indefinite life brands are tested at least annually for impairment.

A review of the useful economic life of brands is performed annually, to ensure that these lives are still appropriate. If a brand is considered to have a finite life, its carrying value is amortised over that period.

(ii) Patents

Where an acquired intangible includes a definite period of patent protection and the value attributed to the patent is considered material, the Company has accounted for the value of the patent separate to the underlying brand. The patent is amortised over the period to patent expiry.

(iii) Distribution rights

Payments made in respect of product registration, acquired and reacquired distribution rights are capitalised where the rights comply with the above requirements for recognition of acquired brands. If the registration or distribution rights are for a defined time period, the intangible asset is amortised over that period. If no time period is defined, the intangible asset is treated in the same way as acquired brands with an indefinite life. If the licence period can be extended the useful life of the intangible asset shall include the renewal period only if there is evidence to support renewal by the entity without disproportionate cost.

Impairment
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level at least annually.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. All assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

2.7 Stocks
Stocks are included at the lower of cost, less any provision for impairment, or net realisable value. Cost is determined on a first-in-first-out basis. Inventory provisions have been made for slow moving and obsolete stock. These provisions are estimates and the actual costs and timing of future cash flows are dependent on future events. The difference between expectations and the actual future liability will be accounted for in the period when such determination is made.

2.8 Taxation
The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from profit reported in the income statement because the former excludes items of income or expense that are either taxable or deductible in other years or that are never taxable or deductible, and it includes tax reliefs that are not included in the income statement. The Group's liability for current tax is calculated using tax rates prevailing for the year.

2. Summary of significant accounting policies (continued)

2.8 Taxation (continued)
Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are provided in full on temporary differences, and deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is provided using the rates of tax that are expected to apply in the period when the liability is settled or the asset is realised, based on rates that have been substantively enacted by the balance sheet date. Deferred tax assets and liabilities are not discounted. The Group jointly controls the sharing of profits in the Joint Ventures and as such no deferred tax has been recognised on temporary differences.

Deferred tax is recognised on any fair value adjustment recognised on a business combination to the extent that the fair value adjustment has no corresponding tax base cost. The rate of tax applied in the calculation of the deferred tax asset or liability is the rate substantially enacted at the balance sheet date relating to the country in which any fair value adjustment occurs.

2.9 Trade creditors
Trade creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

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

2.11 Cash at bank and in hand
For the purpose of the Balance Sheet, cash at bank and in hand comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments, available with no penalty, with original maturities of three months or less, bank overdrafts and working capital facilities.

2.12 Shareholders' funds
Shareholders' funds comprise the following:

"Ordinary share capital" represents the nominal value of equity shares.
"Profit and loss account" represents retained profit.

2.13 Expenses

Operating lease payments
Payments made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in the profit and loss account as an integral part of the total lease expense.

Interest receivable and Interest payable
Interest payable and similar expenses include interest payable, unwinding of the discount on provisions and deferred consideration, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy). Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the entity's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

3. Turnover
The following revenue information is based on the geographical location of the customer:

	Eighteen months ended 31 December 2016 £000s	Year ended 30 June 2015 £000s
United Kingdom	4,817	-
Rest of Europe	8,594	-
Rest of the World	10,522	-
	23,933	-

4. Expenses and auditor's remuneration

Included in profit/loss are the following:

	Eighteen months ended 31 December 2016 £ 000s	Year ended 30 June 2015 £ 000s
Gain on foreign exchange transactions	351	-

Auditor's remuneration:

	Eighteen months ended 31 December 2016 £ 000s	Year ended 30 June 2015 £ 000s
Audit of these financial statements	23	-

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's ultimate parent, Alliance Pharma plc.

5. Interest receivable and similar income

	Eighteen months ended 31 December 2016 £ 000s	Year ended 30 June 2015 £ 000s
Net exchange gains	351	-
	351	-

6. Interest payable and similar expenses

	Eighteen months ended 31 December 2016 £ 000s	Year ended 30 June 2015 £ 000s
Intercompany interest	1,554	-
Other interest payable	1	-
	1,555	-

7. Staff costs and Directors' remuneration

The Company had no employees in the period ended 31 December 2016 (2015: nil).

J Dawson, P J Butterfield and A T Franklin were directors of Alliance Pharma plc, during the year to 31 December 2016. Full disclosure of the directors emoluments are in the Alliance Pharma plc annual report and accounts for 2016. The allocated amount of remuneration for their services as directors for the year was £256,000 (2015: nil).

8. Taxation

Analysis of charge in period

	Eighteen months ended 31 December 2016 £ 000s	Year ended 30 June 2015 £ 000s
Current tax:		
In respect of current period	830	-
Deferred tax: (see note 15)		
Origination and reversal of timing differences	397	-
Taxation	1,227	-

United Kingdom corporation tax is at 20%. The difference between the total taxation shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	Eighteen months ended 31 December £ 000s	Year ended 30 June 2015 £ 000s
Profit before tax	6,484	-
Profit before tax multiplied by standard rate of corporation tax in the United Kingdom of 20% (2015: 20%)	1,297	-
Effect of:		
Impact of reduction in UK tax rate on deferred tax liability	(70)	-
Total taxation	1,227	-

Changes to the UK corporation tax rate were announced in Finance Act (No 2) 2015 and Finance Act 2016, reducing the UK's main rate to 17% from 1 April 2020. As the change was substantively enacted at the balance sheet date the effect is included in these financial statements.

9. Intangible assets

	Brands and distribution rights £ 000s
Cost	
At 1 July 2015	-
Additions due to acquisition	59,700
At 31 December 2016	59,700
Amortisation and impairment	
At 1 July 2015	-
Amortisation	-
At 31 December 2016	-
Net book amount	
At 31 December 2016	59,700
At 30 June 2015	-

9. Intangible assets (continued)

Additions due to acquisition

On the 17 December 2015, the Company entered into a framework agreement with Sinclair IS Pharma plc, under which various assets for certain pharmaceutical and medical device products were transferred to the Company as part of a Group restructuring.

Under the framework agreement, the total consideration for the transfer of the business and assets was £59,700,000 which was satisfied by the issue of interest bearing promissory notes to each transferring company. Following the transfer of these businesses and assets the Company began trading on 17 December 2015.

Brands and distribution rights

Key judgement – useful economic lives

Brands and distribution rights are considered to have indefinite lives and therefore are subject to an impairment review at least annually.

Applying indefinite lives to certain acquired brands is appropriate due to the stable long-term nature of the business and the enduring nature of the brands. These brands are assessed on acquisition to ensure they meet set criteria including an established and stable sales history – often over a number of generations.

It is the opinion of the Directors that the indefinite life assets meet the criteria set out in IAS 38. This assessment is made on an asset by asset basis taking into account:

- How long the brand has been established in the market and subsequent resilience to economic and social changes;
- Stability of the industry in which the brand is used;
- Potential obsolescence or erosion of sales;
- Barriers to entry;
- Whether sufficient marketing promotional resourcing is available; and
- Dependency on other assets with defined useful economic lives.

Certain of the brands acquired from Sinclair IS Pharma plc (see acquisitions above) were acquired with patent protection, which lasts for a finite period of time. It is the opinion of the Directors that these patents do not provide any incremental value to the value of the brand and therefore no separate value has been placed on these patents. This assessment is based on a view of future profitability after patent expiry and past experience with similar brands.

Impairment

As explained in note 2.6 all intangible assets are stated at the lower of cost less provision for amortisation and impairment or the recoverable amount.

Indefinite life assets are tested for impairment at least annually, or more frequently if there are indications that amounts might be impaired. These assets are tested at individual asset level as the Directors believe these assets generate largely independent cash inflows.

The impairment test involves determining the recoverable amount of the relevant asset or cash-generating unit, which corresponds to the higher of the fair value less costs to sell or its value in use.

10. Stocks

	31 December 2016	30 June 2015
	£ 000s	£ 000s
Finished goods and materials	**2,007**	-

Stock costs expensed during the profit and loss account were £11,522,000. During the period £113,000 was recognised as an expense relating to the write down of stock to net realisable value.

11. Debtors

	31 December 2016 £ 000s	30 June 2015 £ 000s
Trade debtors	3,714	-
Amounts owed by Group undertakings	8,431	-
Other taxes and social security costs	439	-
Other debtors	358	-
Prepayments and accrued income	301	-
	13,243	-

12. Cash at bank and in hand

	31 December 2016 £ 000s	30 June 2015 £ 000s
Cash at bank and in hand	2,455	-

13. Major non-cash transactions

Principal non-cash transactions include an exchange gain of £351,000.

14. Creditors: amounts falling due within one year

	31 December 2016 £ 000s	30 June 2015 £ 000s
Trade creditors	766	-
Amounts owed to Group undertakings	68,905	-
Accruals and deferred income	1,250	-
Corporation tax	830	-
	71,751	-

On 17 December 2015, the Company was sold to Alliance Pharmaceuticals Limited, which became the immediate parent undertaking, as part of the disposal of the Sinclair IS Pharma plc's non-aesthetics businesses. This resulted in the sale by each former group undertaking of their promissory notes to Alliance Pharmaceuticals Limited for cash consideration of £59,700,000, and which is included in amounts owed to Group undertakings.

15. Deferred tax liability

The elements of deferred taxation are as follows:

	31 December 2016 £ 000s	30 June 2015 £ 000s
Accelerated allowances on intangible assets	(397)	-
	(397)	-
Deferred tax liability	(397)	-
	(397)	-

16. Called up share capital

	31 December 2016	30 June 2015
	£	£
Authorised:		
2 Ordinary shares of £1 each	2	2
	2	2

	31 December 2016	30 June 2015
Allotted, called up and fully paid:	£	£
2 Ordinary shares of £1 each	2	2

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

17. Commitments

The Company had no capital commitments at 31 December 2016 or at 30 June 2015.

The Company had no commitments under non-cancellable operating leases

18. Ultimate parent company

The Directors consider that the ultimate parent undertaking and controlling related party of the Company is its parent undertaking, Alliance Pharma plc, by virtue of its 100% shareholding. The registered office address of Alliance Pharma plc is Avonbridge House, Bath Road, Chippenham, Wiltshire, SN15 2BB. The largest and smallest Group undertaking for which group accounts have been prepared is that prepared by Alliance Pharma plc. These accounts are available from the registered office of this company.

There is no single ultimate controlling party.

19. Related party transactions

The Company has taken advantage of FRS 101 which exempts the Company from disclosing transactions entered into with other Group companies, provided those companies are also wholly owned.

20. Post balance sheet events

In the second half of 2016, the activities of Maelor Laboratories Limited began transferring to Alliance Pharmaceuticals Limited. Our expectation is that the trade and assets will be fully hived up, with the exception of debtors, cash and payables, into Alliance Pharmaceuticals Limited during 2017. After debtors and payables have been realised, cash will transfer to Alliance Pharmaceuticals Limited through a dividend distribution and Maelor Laboratories Limited is expected to be a dormant company from 1 January 2018.