

Thea Pharmaceuticals Limited

**Annual report and financial
statements**

Registered number 06505496

31 December 2015



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Strategic Report

The Directors present their report and the financial statements for the year ended 31 December 2015.

Principal activity

The principal activity of the company during the year was the sale and distribution of pharmaceuticals to the ophthalmic industry.

Business review

The business is currently split into three sectors covering sales to opticians and pharmacies (Consumer), sales of pre and post surgical products to hospitals (Surgical) and sales of medical products again largely into hospitals (Medical). These products are distributed either via a series of ethical wholesalers and distributors or in some cases directly to the end customers. The company sells predominantly to the UK but also sells into Eire via a separate distribution agreement.

During the year the company achieved net sales growth of 50% equating to £4m, following on from strong sales growth achieved in 2014 of 59% (£3m). The strongest performing division was the Medical division which has invested heavily during the year on bolstering the sales force, management and marketing effort. The key focus of this division was to achieve higher market share of Glaucoma treating products and the division met its growth targets in this key area. The Medical division also benefited from the suspension from the market of a key competitor for the treatment of acute eye infections. The Medical division achieved sales growth of 114% year on year.

The Surgical division also performed strongly (37% sales growth) largely from the sales of its products associated with cataracts surgery. The Consumer division (24% sales growth) also performed strongly as the business continued to focus on selling into Pharmacies, and all divisions are now well placed for the next phase of growth. The business mix is healthy so the company is not reliant on one particular division or one particular product.

The cost base of the company is mainly comprised of sales, marketing and administration overheads. These were at 45% of turnover in 2015 compared to 56% in 2014, reflecting the improved return on investment from the sales and marketing effort.

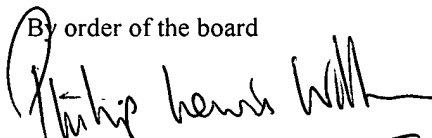
During the year the company formalised the intercompany loan agreement with its parent company, Laboratoires Thea. The intercompany amounts owed were structured into a formal loan agreement repayable over 5 years from 1st July 2015. The amounts owed have decreased from £2.6m as at 1st July 2015 to £2.34m by the year end. All other working capital commitments have been met and the company is now cash positive each month.

During the year the company maintained its relationship with all key suppliers relating to the provision of key services. The company remains committed to out-sourcing non core activities to ensure best practice and value.

Principle risks and uncertainties

The key risks of the business remain that associated with competitors' products, for example release of new competitor products to the market which could erode the companies' market share. The importing of cheaper parallel import products by distributors into the UK also remains a risk as this can erode gross margins.

By order of the board



P H Lewis Williams
Director

Date: 6/9/16

2nd Floor, IC3 Building
Keele University Science & Business Park
Keele
Staffordshire
ST5 5NP

Directors' report

Directors

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

H Chibret (*Non-UK Resident*)

J F Chibret (*Non-UK Resident*)

D Ponchon (*Non-UK Resident*)

P H Lewis Williams

Proposed dividend

The Directors do not recommend the payment of a dividend (2014: *£nil*).

Political contributions

The Company made no political donations or incurred any political expenditure during the year (2014: *£nil*).

Employees

Details of the number of employees and related costs can be found in note 4 to the financial statements

The Company keeps employees informed on matters relevant to them as employees through regular meetings. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

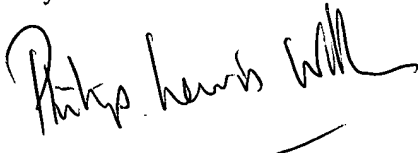
Disclosure of information to auditor

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.

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



P H Lewis Williams
Director

Date: 6/9/16

2nd Floor, IC3 Building
Keele University Science & Business Park
Keele
Staffordshire
ST5 5NP

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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.



KPMG LLP

1 St Peter's Square
Manchester
M2 3AE
United Kingdom

Independent auditor's report to the members of Thea Pharmaceuticals Limited

We have audited the financial statements of Thea Pharmaceuticals Limited for the year ended 31 December 2015 set out on pages 6 to 21. 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 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 3, 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:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its profit for the year 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 matter prescribed by the Companies Act 2006

In our opinion 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.

Independent auditor's report to the members of Thea Pharmaceuticals Limited

(continued)

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.



Frances Whittle (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

Date: 6/9/2016

Profit and Loss Account and Other Comprehensive Income
for the year ended 31 December 2015

	<i>Note</i>	Year ended 31 December 2015 £	Year ended 31 December 2014 £
Turnover	<i>1, 2</i>	12,112,098	8,054,264
Cost of sales		(5,357,179)	(2,745,587)
Gross profit		6,754,919	5,308,677
Administrative expenses		(5,466,578)	(4,492,381)
Operating profit	<i>3</i>	1,288,341	816,296
Interest payable and similar charges	<i>6</i>	(48,365)	(92,962)
Profit on ordinary activities before taxation		1,239,976	723,334
Tax on profit on ordinary activities	<i>7</i>	(281,886)	(167,923)
Profit for the financial year		958,090	555,411
Other comprehensive income			
Other comprehensive income for the year, net of income tax		958,090	555,411
Total comprehensive income for the year		958,090	555,411

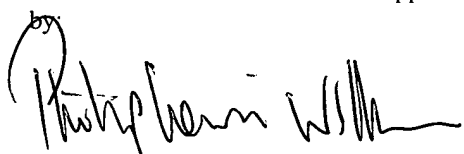
The notes on pages 9 to 21 form part of these financial statements.

Balance Sheet
at 31 December 2015

	<i>Note</i>	2015 £	2015 £	2014 £	2014 £
Fixed assets					
Other intangibles			5,848		-
Tangible assets	8		70,459		83,539
			<hr/>		<hr/>
			76,307		83,539
Current assets					
Stocks	9	857,322		1,079,478	
Debtors	10	2,990,459		2,347,779	
Cash at bank and in hand		1,380,981		601,659	
		<hr/>		<hr/>	
		5,228,762		4,028,916	
Creditors: amounts falling due within one year	11,12	(5,020,169)		(4,785,645)	
		<hr/>		<hr/>	
Net current assets/(liabilities)			208,593		(756,729)
			<hr/>		<hr/>
Net assets/(liabilities)			284,900		(673,190)
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	15		2,000		2,000
Profit and loss account			282,900		(675,190)
			<hr/>		<hr/>
Shareholders' funds/(deficit)			284,900		(673,190)
			<hr/>		<hr/>

The notes on pages 9 to 21 form part of these financial statements.

These financial statements were approved by the board of directors on 27th June 2016 and were signed on its behalf

by 

P H Lewis Williams
Director

6/9/2016

Statement of Changes in Equity
for the year ended 31 December 2015

	Called up Share capital £	Profit and loss account £	Total equity £
Balance at 1 January 2013	2,000	(1,230,601)	(1,228,601)
Total comprehensive income for the period			
Profit or loss	-	555,411	555,411
Total comprehensive income for the period	-	555,411	555,411
Balance at 31 December 2014	2,000	(675,190)	(673,190)
Balance at 1 January 2015	2,000	(675,190)	(673,190)
Total comprehensive income for the period			
Profit or loss	-	958,090	958,090
Total comprehensive income for the period	-	958,090	958,090
Balance at 31 December 2015	2,000	282,900	284,900

The notes on pages 9 to 21 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Thea Pharmaceuticals Limited (the “Company”) is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (“FRS 102”) as issued in August 2014. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1.

In the transition to FRS 102 from old UK GAAP, the Company has made no measurement and recognition adjustments.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

- Lease arrangements – in order to determine whether an arrangement contains a lease, the Company has analysed facts and circumstances existing at 1 January 2014 rather than commencement date of the arrangement.
- Lease incentives – for leases commenced before 1 January 2014 the Company continued to account for lease incentives under previous UK GAAP.

The Company’s ultimate parent undertaking, Laboratoires Théa SAS includes the Company in its consolidated financial statements. The consolidated financial statements of Laboratoires Théa SAS are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained Greffe du Tribunal de Commerce, 40 rue de l’Ange, BP 180, 63005 Clermont-Ferrand cedex 1. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

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 22.

Notes (continued)

1 Accounting policies (continued)

1.1 Measurement convention

The financial statements are prepared on the historical cost basis.

1.2 Going concern

At 31 December 2015, the company had net current assets of £208,593 and has made a profit in the year of £958,090. The directors believe the Company is able to meet its liabilities as they fall due and consider that it is appropriate to prepare the accounts on a going concern basis as a result.

1.3 Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the profit and loss account.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Notes (continued)

1 Accounting policies (continued)

1.6 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.19 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives are as follows:

- Motor vehicles 4 years
- Office equipment 4 years
- Fixtures and fittings 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

1.7 Stocks

Stocks are stated at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Costs include all direct costs.

1.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.9 Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

Notes (continued)

1 Accounting policies (continued)

1.10 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax.

Turnover is recognised upon the despatch of the goods to customers, which would only happen upon receipt of a confirmed order from a customer. Turnover is recognised net of any supplier or customer rebates payable during the year.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable in relation to unpaid related parties' creditor balances 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 are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.12 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Notes (continued)

1 Accounting policies (continued)

1.13 Dividends on shares presented within shareholders' funds

Dividends are only recognised as a liability at that date to the extent that they are declared prior to the year end. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

2 Analysis of turnover

	2015 Turnover £	2014 Turnover £
Sale of goods	12,642,284	8,395,557
Rebates to customers	(530,186)	(341,294)
	<u>12,112,098</u>	<u>8,054,264</u>
By activity		
Surgical	2,391,926	1,744,018
Consumer	5,233,768	4,212,794
Medical	4,486,404	2,097,442
	<u>12,112,098</u>	<u>8,054,254</u>
By geographical market		
United Kingdom and Republic of Ireland	12,112,098	8,054,264
	<u>12,112,098</u>	<u>8,054,264</u>

Notes (continued)

3 Expenses and auditor's remuneration

Included in profit are the following:

	2015 £	2014 £
Depreciation of tangible fixed assets	32,020	28,277
Pension costs	73,500	78,150
	<u> </u>	<u> </u>

Auditor's remuneration:

	2015 £	2014 £
Audit of these financial statements	12,500	9,300
FRS 102 conversion	1,000	-
Tax compliance services	5,400	4,100
	<u> </u>	<u> </u>

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 parent, Laboratoires Théa SAS.

4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Staff	43	35
Directors	1	1
	<u> </u>	<u> </u>
	44	36
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2015 £	2014 £
Wages and salaries	2,164,724	1,833,737
Social security costs	285,616	232,620
Contributions to defined contribution plans	95,620	78,150
	<u> </u>	<u> </u>
	2,545,960	2,144,507
	<u> </u>	<u> </u>

Notes (continued)

5 Directors' remuneration

	2015 £	2014 £
Directors' remuneration	132,500	156,000
Company contributions to money purchase pension plans	43,500	40,000
	<u>176,000</u>	<u>196,000</u>

The aggregate of remuneration and amounts receivable under company pension contributions are £43,500 (2014: £40,000) and were made to a money purchase scheme on his behalf.

	Number of directors 2015	2014
Retirement benefits are accruing to the following number of directors under: Money purchase schemes	1	1
	<u>1</u>	<u>1</u>

6 Interest payable and similar charges

	2015 £	2014 £
Interest on unpaid related parties' creditors balances	18,464	92,962
Interest on outstanding related party loan	29,900	-
	<u>48,364</u>	<u>92,962</u>

Notes (continued)

7 Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity:

	2015 £	2015 £	2014 £	2014 £
<i>Current tax</i>				
Current tax on income for the period	156,432		-	
Adjustments in respect of prior periods	-		-	
Total current tax		156,432		-
<i>Deferred tax (see note 12)</i>				
Origination and reversal of timing differences	113,875		167,923	
Change in tax rate	11,579		-	
Total deferred tax		125,454		167,923
Total tax		281,886		167,923

Reconciliation of effective tax rate

	2015 £	2014 £
Profit for the year	1,239,976	555,411
Total tax expense	-	-
Profit excluding taxation	958,090	723,334
Tax using the UK corporation tax rate of 20.25% (2014: 21.00%)	251,053	155,467
Fixed asset differences	-	1,489
Expenses not deductible for tax purposes	33,468	23,503
Capital allowances for period in excess of depreciation	(1,207)	8,644
Utilisation of tax losses	(1,428)	(21,180)
Total tax expense included in profit or loss	281,886	167,923

Factors that may affect future current and total tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015. The deferred tax liability at 31 December 2015 has been calculated based on these rates.

An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly.

Notes (continued)

8 Tangible fixed assets

	Fixtures & fittings £	Office equipment £	Total £
Cost			
Balance at 1 January 2015	30,662	88,371	119,033
Additions	3,998	22,872	26,870
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	34,661	111,243	145,903
	<hr/>	<hr/>	<hr/>
Depreciation and impairment			
Balance at 1 January 2015	4,881	38,543	43,424
Depreciation charge for the year	8,536	23,484	32,020
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	13,417	62,027	75,444
	<hr/>	<hr/>	<hr/>
Net book value			
At 1 January 2015	25,781	49,828	75,609
	<hr/>	<hr/>	<hr/>
At 31 December 2015	21,243	49,216	70,459
	<hr/>	<hr/>	<hr/>

Leased plant and machinery

At 31 December 2015 the net carrying amount of assets leased under a finance lease was £nil (2014: £nil).

9 Stocks

	2015 £	2014 £
Finished goods	857,322	1,079,478
	<hr/>	<hr/>
	857,322	1,079,478
	<hr/>	<hr/>

The write-down of stocks to net realisable value amounted to £147,743 (2014: £51,157). The reversal of write-downs amounted to £nil (2014: £nil). The write-down and reversal are included in cost of sales.

Notes (continued)

10 Debtors

	2015 £	2014 £
Trade debtors	2,817,766	2,108,159
Other debtors	172,693	123,834
Deferred tax asset (see note 13)	-	115,787
	<u>2,990,459</u>	<u>2,347,779</u>

11 Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	160,824	231,367
Amounts owed to group undertakings	3,608,938	3,577,543
Taxation and social security	814,104	468,708
Deferred tax liability (see note 13)	9,667	-
Other creditors	426,636	508,027
	<u>4,975,169</u>	<u>4,785,645</u>

Notes (continued)

12 Interest-bearing loans and borrowings

During the period Thea Pharmaceuticals arranged a loan facility with its parent Laboratories Thea of £2,600,000. Amounts are repayable on demand and hence have been included within current liabilities.

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity	2015 £	2014 £
Loan with group undertaking	GBP	2.4%	2020	2,340,000	-
				<u>2,340,000</u>	<u>-</u>

13 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2015 £	2014 £	Liabilities 2015 £	2014 £	Net 2015 £	2014 £
Accelerated capital allowances	-	-	9,667	11,771	9,667	11,771
Unused tax losses	-	(127,558)	-	-	-	(127,558)
Tax (assets) / liabilities	<u>-</u>	<u>(127,558)</u>	<u>9,667</u>	<u>11,771</u>	<u>9,667</u>	<u>(115,787)</u>

14 Employee benefits

Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £95,620 (2014: £78,150).

The amount owed to the pension schemes at 31 December 2015 was £nil (2014: £nil).

15 Capital and reserves

Share capital

	2015 £	2014 £
<i>Allotted, called up and fully paid</i>		
950 (2014: 950) A ordinary shares of £1 each	950	950
1,050 (2014: 1,050) B ordinary shares of £1 each	1,050	1,050
	<u>2,000</u>	<u>2,000</u>

Notes (continued)

16 Capital and reserves (continued)

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.

Dividends

No dividends were proposed by the directors in relation to the financial year.

17 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015 Land and buildings £	Other £	2014 Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	32,113	-	28,796
Between one and five years	169,500	343,484	41,250	151,139
More than five years	-	-	-	-
	<u>169,500</u>	<u>375,597</u>	<u>41,250</u>	<u>179,935</u>

During the year £239,378 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £115,375).

18 Commitments

Capital commitments

The Company contractual commitments to purchase tangible fixed assets at the year-end were £nil (2014: £nil).

19 Related parties

Identity of related parties with which the Company has transacted

During the year, the company had transactions with Laboratories Thea, the parent company.

	2015 £	2014 £
Purchases from Laboratories Thea	5,009,916	2,462,048
Amounts paid by Laboratories Thea for company operating expenses	60,132	164,092
Management charge payable to Vision Pharmaceuticals Limited	-	78,500
	<u>5,070,048</u>	<u>2,644,640</u>

At 31 December 2015, the company owed an amount of £3,608,939 to Laboratories Thea (2014: £3,577,543) and an amount of £(nil) to Vision Pharmaceuticals Limited (2014: £6,600). Interest has been charged during the year of £48,365 (2014: £92,962) by Laboratoires Thea.

No provisions are made against outstanding balances with related parties.

Notes *(continued)*

20 Ultimate parent company and parent company of larger group

The ultimate controlling party is Laboratoires Théa SAS. The company's parent undertaking is Laboratoires Théa SAS, a company incorporated in France. The results of Spectrum Thea Pharmaceuticals are consolidated into the accounts of Laboratoires Thea SAS which are publicly available Greffe du Tribunal de Commerce, 40 rue de l'Ange, BP 180, 63005 Clermont-Ferrand cedex 1.

21 Subsequent events

Subsequent to the balance sheet date there have been no subsequent events identified by the Directors which could impact the financial statements.

22 Accounting estimates and judgements

Recoverability of certain assets/impairment calculations

The stock balance is regularly reviewed and a provision made where the expiry date of such product presents a risk the good can no longer be sold.