

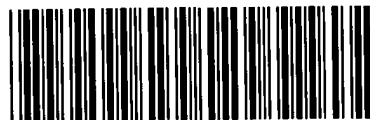
Registered number: 00185947

THORNTON & ROSS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

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THORNTON & ROSS LIMITED
CONTENTS

	Page
Company Information	2
Directors' Report	3 - 4
Strategic Report	5 - 7
Statement of Directors' Responsibilities	8
Independent Auditors' Report	9 - 10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	16 - 45

THORNTON & ROSS LIMITED
COMPANY INFORMATION

Directors

E Blythe
R Scarlett-Smith (appointed 2 December 2019)

Company Secretary

E Blythe

Company Number

00185947

Registered Office

Linthwaite
Nr Huddersfield
HD7 5QH

Bankers

HSBC Bank plc
2 Cloth Hall Street
Huddersfield
HD1 2ES

Independent Auditors

PricewaterhouseCoopers LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

Solicitors

Kuit Steinart Levy LLP
3 St Mary's Parsonage
Manchester
M3 2RD

THORNTON & ROSS LIMITED

DIRECTORS' REPORT

The Directors present their report, together with the audited Financial Statements and auditors' report, for the year ended 31 December 2019. Certain information required by the Companies Act 2006 relating to the information to be provided in the Directors' Report is set out in the Strategic Report and includes: Review of the Business, Principal Risks and Uncertainties and Future Developments.

PRINCIPAL ACTIVITIES

The Company's principal activity during the year continued to be that of the manufacture and distribution of pharmaceutical and household products. Details on future developments are disclosed in the Strategic Report.

DIVIDENDS

Interim dividends of £10,246,800 were paid during the year (2018: £21,515,000). Dividends paid in 2020 are £7,769,250 (2018: £Nil).

DIRECTORS

The Directors of the Company during the year ended 31 December 2019 and up to the date of signing were as follows:

E Blythe

A Brierley (resigned 2 December 2019)

R Scarlett – Smith (appointed 2nd December 2019)

RESEARCH AND DEVELOPMENT

The Company is committed to product and process development and continues to invest in a number of initiatives to develop new products and ingredients, validate new processes and investigate chemistry related product issues. In addition, the Company spends money on stability studies for new products and also small-scale clinical studies of new products. The amount expensed to Statement of comprehensive income during the year for research and development activities was £3,862,000 (year ended 31 December 2018: £2,876,000).

EMPLOYMENT

Disabled persons are employed and trained whenever their aptitude and abilities allow and suitable vacancies are available. Where an employee becomes disabled, an attempt is made to continue his or her employment and to arrange appropriate re-training or transfer if necessary.

Regular meetings are held involving employees and management at which employees are informed of matters concerning them, company development and financial and economic factors affecting the performance of the Company.

Our section 172 statement deals with how the company consults with its employees and how they are engaged with the overall company performance.

FINANCIAL RISK MANAGEMENT

The Company's objectives and policies are as disclosed in the notes the financial statements as per Note 3.

PROVISION OF INFORMATION TO AUDITORS'

So far as the Directors are aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

THORNTON & ROSS LIMITED
DIRECTORS' REPORT (continued)

INDEPENDENT AUDITORS

All subsidiary undertakings (including Thornton & Ross Limited) are bound by the Supervisory Board of STADA Arzneimittel AG decision to appoint PwC as Group auditors and requested to appoint PwC as statutory auditor for 2020.

STATUS OF THIS DIRECTORS' REPORT

This report was approved by the board on *17 DECEMBER* 2020 and signed on its behalf.



E Blythe
Director

THORNTON & ROSS LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2019.

REVIEW OF THE BUSINESS

The company saw impressive sales growth in 2019 which came from three main sources. Firstly sales of Zoflora® grew by 59% as demand continued to increase. This was also underpinned by the continued investment in direct to consumer marketing driven via influencers and digital marketing campaigns using all social media platforms from Facebook to Ticktock. New fragrances were launched and distribution was increased and the outlook remains very positive with further growth expected now that manufacturing capacity has been increased into 2020. Secondly, in August 2019 we acquired six brands from GSK to enhance our portfolio of skincare and cough treatments. The first year of embedding this portfolio into our business has been successful. Finally, we launched a cancer treatment called Bortezomib selling directly to NHS. Sales of other pharmaceutical products showed modest growth although Covonia benefitted from an improved marketing campaign and we continue to grow sales of our prescription skincare products. Our export business has also grown during the year as a result of higher sales to our Stada affiliates across Europe and Middle East.

We have invested more in marketing expenses in 2019 to support the sales growth. This trend will continue. We have also invested more in Selling and distribution expenses to support our increase in manufacturing and selling volume and the company's future growth plans.

Tangible fixed assets have increased by £7m during the year of which £5m was related to the expansion of our Zoflora® manufacturing capacity.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the execution of the Company's strategy are subject to a number of risks. The key risks inherent in the Company's sphere of activity include:

- Advances in drug technology rendering our products obsolete;
- Research or experience demonstrating that one or more of the ingredients in our products is harmful;
- Regulatory authorities withdrawing a licence or permit; and
- Loss of key personnel with specialist knowledge.
- The risk that post Brexit we are unable to efficiently import raw materials and export finished goods.

We also face the risks of an incident in our factory resulting in loss of production facilities, contamination of air or water affecting our products, loss of distribution via our customers, denial of entry to certain markets, and the interruption of supplies of both ingredients and bought in products through problems faced by our suppliers in their business. In addition, there are the risks of theft, fraud, property damage etc faced by all businesses. We seek to manage these risks by operating with clearly defined procedures, by maintaining equipment and site cleanliness to a high standard, and by closely monitoring technical and regulatory developments. We also cultivate links with a number of alternative suppliers to provide a backup in the event of a supply disruption.

COVID-19 impact

The impact of COVID-19 on the business has been mixed. Brands such as our cancer drug bortezomib has seen a steep decline in demand in Q1 2020 due to cancer treatments being deprioritized during the height of the pandemic. It is anticipated that as the NHS comes back to some type of normality sales will rebound due to patients needing urgent treatment.

On the other-hand Zoflora® has seen an increase in demand during the pandemic.

The response of the business to COVID-19 is to continue to monitor trends in our customers behaviour and to try to outperform the market. A good example is the drive for improvements with our online and e commerce capability and to increase sales through that medium. In addition we have continued to keep factory production high during COVID-19.

THORNTON & ROSS LIMITED
STRATEGIC REPORT (continued)

COVID-19 impact (continued)

We are taking all practical measures and using all governmental advice to keep our employees safe and to ensure we keep supplying our customers with vital medicines, treatments and products.

KEY PERFORMANCE INDICATORS ("KPIs")

The Board monitors the activities and performance of the Company on a regular basis. The Board uses financial indicators based on budget versus actual and prior years to assess the performance of the Company. The financial indicators set out below were used during the year ended 31 December 2019 and will continue to be used by the Board to assess performance during the year to 31 December 2020

Key area	Activity	KPI indicator	Commentary
Gross profit margin	Analysis of gross profit by product group	Gross profit as a percentage of revenue	Gross Profit margin decreased from 42% to 40%. Gross Profit margin has decreased due to an adverse mix of products sold in 2019. Manufacturing efficiencies have improved. This is due to higher production volumes and as a result of investment and continuous improvement programmes. This improvement has not quite offset the adverse product mix.
Operating profit margin	Analysis of operating profit	Operating profit (excluding other gains/(losses) as a percentage of revenue	Operating profit margin decreased from 13.8% to 13.7%. This is due to tight cost control to ensure that the gross margin reduction isn't reflected in the operating margin.
Working capital management	Collection of debtors	Debtor days	Debtor days has increased to 91 days from 90 days. This in line with expectations and increase in Revenue.

FUTURE DEVELOPMENTS

Over the last financial year Thornton & Ross Limited has strengthened its leadership team with a number of key recruits. They include a new head of Innovation who is an industry veteran with a proven capability to drive innovation, a key requirement for a consumer and healthcare company. In addition, a new head of human resources has joined the organisation as our people are key to ensure we can deliver on the growth objectives. It is anticipated that there will be other key hires joining the organization to lead the organizational transformation required to deliver above industry growth consistently.

The Directors continue to focus on a number of key areas encompassing sales, product development, continuous improvement and compliance. The key focus is implementation to ensure the organizations plans are executed effectively.

During the year there has been specific focus on the transfer of the manufacture of brands acquired from GSK in August 2019. In addition, there was the completion of a new manufacturing unit to support the continued growth of the Zoflora® business. The new production line is key to the growth plans of the brand Zoflora® The significant capital investment and lean manufacturing has enabled the line to come on stream and impact output significantly. The site strategic plan is to focus on liquids and creams becoming a centre of excellence within the STADA group.

During this financial year the company has invested significantly in consumer insights to shape the development of new products that meet the consumer needs. A team has been recruited to ensure this is at the centre of the future business strategy.

THORNTON & ROSS LIMITED

STRATEGIC REPORT (continued)

FUTURE DEVELOPMENTS (continued)

COVID-19 has impacted the organization, accelerating the drive to digitize the customer/consumer interface. We have made investments in all aspects of digital platforms, from a new corporate web site to relaunched brand sites and an e-commerce platform. As the consumer journey transforms the company intends to further invest in on-line experiences.

S172 STATEMENT

The company remains committed to ensuring that our business activities are conducted in a responsible manner for the benefit of all our stakeholders, including our people, our customers, our partners, our investors and our local community. The Board has certain duties in this regard as described in section 172(1) of the Companies Act 2006 and has had regard to each of these when directing the company:

- The likely consequences of any decisions in the long-term;
- The interests of the company's employees;
- The need to foster the company's business relationships with suppliers, customers and others;
- The impact of the company's operations on the community and environment;
- The desirability of the company maintaining a reputation for high standards of business conduct; and
- The need to act fairly as between shareholders of the company.

The company is a member of the STADA Group (STADA Arzneimittel AG) which is a German Stock Corporation with headquarters in Bad Vilbel, Germany. The STADA Group is a highly successful business which focuses on generics, including specialty pharmaceuticals and non-prescription consumer health products. The Board at T&R work very closely with STADA Group when making strategic decisions in order to ensure that T&R can benefit from STADA Group experience and expertise.

Culture

In 2019 the Company Board consulted with employees regarding the long-term prospects of the company and as a result of that engagement, refreshed its adoption of the STADA Group values: Integrity, Entrepreneurship, Agility and One STADA ("Values"). These Values have shaped the way T&R carried out its duties under section 172(1) of the Companies Act 2006.

As a result of T&R adopting the Values, the Board expects that:

- Each and everyone acts ethically in line with the company's internal as well as external ethical standards, by speaking-up and being respectful.
- Each and everyone leads change with flexibility and decisiveness as part of their ongoing journey of personal development.
- Each and everyone drives new ideas and actions creating future growth and value.
- Each and everyone acts in the best interests of the overall company rather their business unit or function to build one successful STADA.

Our People

The Board know that our people are critical to T&R's success. We want to be able to attract and retain the best calibre of people to ensure our business succeeds in the long term.

As a result, the Board introduced a number of initiatives to improve communication with our people and involve them in T&R's plans and successes. These initiatives were: the implementation at T&R of the STADA Group's "Pulse Survey", a strategy day where employees from across all levels of the business worked together towards improving the Company's future and the introduction of weekly newsletters and town hall meetings.

The Board at T&R also made an investment in its human resources department in 2019. A new senior leader in the business was appointed to T&R's Senior Executive Team with the appointment of the Vice President of Human Resources.

THORNTON & ROSS LIMITED
STRATEGIC REPORT (continued)

Our Customers and Suppliers

T&R is a business that can only be successful if its household and pharmaceutical products sell. Therefore the Board understands that our customers and suppliers are pivotal to T&R's success and future growth. Our customers are pharmacists, doctors and hospitals as well as consumers.

To ensure that we foster great relationships with our customers (as far as we are legally permitted) we regularly engage with them, mainly through our sales teams and on social media. Feedback from sales analysis and market surveys indicated that T&R's key consumer product Zoflora® required further investment so as to satisfy consumer demand. As a result, the Board approved a number of initiatives in 2019 to invest in machinery and capability in its Zoflora® manufacturing capability.

T&R also invested in talent in the area of Procurement in 2019 and recruited for the Head of Procurement role. The successful candidate brought with her a wealth of experience and talent to build strong relationships with key suppliers which the Board knows is important to ensure a strong supply base, required for growth and success of our business.

Our Community and Environment

At T&R we meet all legislative requirements concerning environmental issues, including those relating to energy usage.

The Company and the Board is committed to reducing its carbon footprint and is constantly evaluating the impact of all activities. In 2019 the Board continued its partnership with Environment Kirklees, a not for profit company that works with communities and residents to increase environmental awareness to make the local towns and villages that surround the manufacturing site of T&R a better place to live, work and study. T&R actively encourages our employees to take part in Environment Kirklees initiatives.

Regulation

As a manufacturer of pharmaceutical products, T&R is regulated by the Medicines and Healthcare products Regulatory Agency (MHRA) who are the UK's regulator of medicines, medical devices and blood components for transfusion, responsible for ensuring their safety, quality and effectiveness. The MHRA require manufacturers to adhere to all relevant laws and operate to the highest standards of manufacturing, quality and marketing.

On behalf of the Board



E Blythe
Director

17 December 2020

THORNTON & ROSS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

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.

Directors' confirmations

The directors consider that the annual report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the company's position and performance, business model and strategy.

Independent auditors' report to the members of Thornton & Ross Limited

Report on the audit of the financial statements

Opinion

In our opinion, Thornton & Ross Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2019; the statement of comprehensive income, the statement of cash flows and, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Independent auditors' report to the members of Thornton & Ross Limited

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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.

Auditors' 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 auditors' 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 auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Andy Ward (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

17 December 2020

THORNTON & ROSS LIMITED
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Continuing Operations			
Revenues	5	143,898	103,097
Cost of sales	7	(86,654)	(59,634)
Gross Profit		57,244	43,463
Selling and distribution expenses	7	(12,942)	(7,790)
Marketing expenses	7	(14,237)	(13,148)
Research and development expenses	7	(3,862)	(2,876)
General and administrative expenses	7	(6,026)	(5,470)
Other (losses) / gains	6	(405)	714
Operating Profit		19,772	14,893
Finance income	9	9	14
Finance costs	10	(1,831)	(403)
Profit before Tax		17,950	14,504
Corporation tax expense	13	(4,857)	(2,945)
Profit for the year		13,093	11,559
Other Comprehensive (expense) / Income			
Items that will not be reclassified to profit or loss			
Re-measurements of post-employment benefit obligations	25	(629)	720
Other Comprehensive (expense) / Income for the year, net of tax		(629)	720
Total Comprehensive Income for the year attributable to Equity Shareholders		12,464	12,279

The accompanying notes on pages 16 to 45 are an integral part of these financial statements.
The above results all relate to continuing operations.

THORNTON & ROSS LIMITED
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

Assets	Note	2019 £'000	2018 £'000
Non-Current Assets			
Property, plant and equipment	15	27,475	20,472
Intangible assets	16	98,043	26,207
Investment in subsidiary undertakings	17	801	801
		126,319	47,480
Current Assets			
Inventories	18	30,892	24,788
Trade and other receivables	19	56,381	39,877
Cash and cash equivalents	20	13,750	13,368
		101,023	78,033
Total Assets		227,342	125,513
Equity and Liabilities			
Attributable to Equity Shareholders of the Company			
Share capital	21	32	32
Share premium	21	1,008	1,008
Other reserves		103	103
Retained earnings		27,544	25,327
Total Equity		28,687	26,470
Liabilities			
Non-Current Liabilities			
Provisions for other liabilities and charges	26	183	179
Deferred income tax liabilities	23	3,696	1,229
Post-employment benefits	25	1,352	1,299
Trade and other payables	22	1,110	1,413
		6,341	4,120
Current Liabilities			
Trade and other payables	22	189,970	94,530
Current income tax liabilities		2,344	393
		192,314	94,923
Total Liabilities		198,655	99,043
Total Equity and Liabilities		227,342	125,513

The financial statements on pages 12 to 45 were approved by the Board on 17 December 2020 and were signed on its behalf by:


E Blythe
Director

Registered number: 00185947

THORNTON & ROSS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Ordinary shares £'000	Share Premium £'000	Capital redemption £'000	Retained earnings £'000	Total equity £'000
As at 1 January 2018		32	1,008	103	34,563	35,706
Profit for the year		-	-	-	11,559	11,559
Re-measurements of post-employment benefit obligations	25	-	-	-	720	720
Deferred tax relating to re-measurement of post-employment benefit obligations	25	-	-	-	-	-
Total Comprehensive Income for the year		-	-	-	12,279	12,279
Dividends paid		-	-	-	(21,515)	(21,515)
As at 31 December 2018		32	1,008	103	25,327	26,470
As at 1 January 2019		32	1,008	103	25,327	26,470
Profit for the year		-	-	-	13,093	13,093
Re-measurements of post-employment benefit obligations	25	-	-	-	(629)	(629)
Deferred tax relating to re-measurement of post-employment benefit obligations	25	-	-	-	-	-
Total Comprehensive Income for the year		-	-	-	12,464	12,464
Dividends paid		-	-	-	(10,247)	(10,247)
As at 31 December 2019		32	1,008	103	27,544	28,687

The accompanying notes on pages 16 to 45 are an integral part of these financial statements.

THORNTON & ROSS LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Cash generated from operations	27	103,800	33,856
Interest paid		(1,831)	(403)
Income tax paid		(5,256)	(3,390)
Net cash generated from operating activities		96,713	30,063
Cash flows from investing activities			
Purchases of property, plant and equipment		(9,517)	(2,697)
Proceeds from sales of plant and equipment		-	180
Purchases of intangible assets		(76,576)	(7,385)
Proceeds from sales of intangible assets		-	-
Interest received		9	14
Net cash used in investing activities		(86,084)	(9,888)
Cash flows from financing activities			
Dividends paid to owners	14	(10,247)	(21,515)
Net cash used in financing activities		(10,247)	(21,515)
Net increase/ (decrease) in cash and cash equivalents		382	(1,340)
Cash and cash equivalents at beginning of year		13,368	14,708
Cash and cash equivalents at end of year	20	13,750	13,368

The accompanying notes on pages 16 to 45 are an integral part of these financial statements.

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

The Company is a limited company incorporated and domiciled in England, UK. The Company manufactures and distributes pharmaceutical and household products. Registered number: 00185947.

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 periods presented, unless otherwise stated.

2.1 Basis of Preparation and adoption of IFRS

The Financial Statements have been prepared in accordance with International Financial Reporting Standards. European Union adopted IFRS issued by the IFRS Interpretations Committee (IFRS IC).

The Financial Statements have been prepared under the historical cost convention

The preparation of Financial Statements in conformity with IFRS 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 in the Financial Statements, are disclosed in Note 4.

2.2 Consolidation

The Company is itself a subsidiary company and has claimed exemption from the requirement to prepare group financial statements by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

2.3 Going Concern

After making appropriate enquiries, including but not limited to the impact of Covid-19, the Director has formed a judgement, at the time of approving the Financial Statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Company meets its day-to-day working capital requirements through its revenue and retained earnings. Note 3 to the Financial Statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposure to credit and liquidity risk. The Company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Company should be able to operate within its working capital resources.

After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Company therefore adopts the going concern basis in preparing its Financial Statements.

2.4 New and Amended Standards

IFRS 16 is a new accounting standard that is effective for the year ended 31 December 2019 and which has not had material impact on the company's financial statements. There are no other amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2019 that have had a material impact on the company's financial statements.

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign Currency Translation

(a) Functional and Presentation Currency

The Financial Statements are presented in Pounds Sterling (£), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.6 Property, plant and equipment

Land and buildings comprise freehold land and office, manufacturing and warehouse buildings.

All property, plant and equipment are shown at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. All repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

No depreciation is provided on freehold land. Depreciation on other assets is calculated on a straight line basis from the accounting period in which the asset is purchased and brought into use to allocate their cost over their estimated useful lives as follows:

• Freehold buildings	50 years
• Plant and equipment	10 years
• Fixtures and fittings	5 – 10 years
• Motor vehicles	6 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised, where material, within 'other gains/(losses)' in the Statement of Comprehensive Income.

2.7 Intangible assets

Intangible assets comprise acquired and reacquired brands, licences, patents, know-how, developed products, product development and marketing rights. Intangible assets are shown at historical cost less provision for amortisation. Amortisation is calculated using the straight line method over the estimated economic lives of the assets, which will depend on the length of the future period expected to benefit from their acquisition, which ranges from three to twenty years.

Internally generated development costs that are directly attributable to new product development, which includes obtaining national or international regulatory approval, are recognised in intangible assets if all the following criteria are met:

- it is technically feasible to complete the product development and achieve regulatory approval, enabling it to become available for use or sale;
- the intention and ability exist as well as the necessary resources to complete the product and to use or sell it in the future;

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

- the intangible asset will generate probable future economic benefits; and
- the expenditure attributable to the product development can be reliably measured.

Other development expenditure that does not meet these criteria, which includes expenditure on technical and regulatory maintenance for products sold, is recognised as an expense as incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Significant estimate: key assumptions used for value-in-use calculations

The company tests whether goodwill has suffered any impairment on an annual basis. For the 2019 and 2018 reporting periods, the recoverable amount of the cash-generating units (CGUs) was determined based on value in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates. The following sets out the key assumptions for those CGUs.

Sales volume

Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development.

Sales price

Average annual growth rate over the five-year forecast period; based on current industry trends and including long-term inflation forecasts for each territory.

Budgeted gross margin

Based on past performance and management's expectations for the future.

Other operating costs

Fixed costs of the CGUs, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures. The amounts disclosed above are the average operating costs for the five-year forecast period.

Annual capital expenditure

Expected cash costs in the CGUs. This is based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.

Long-term growth rate

This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

Pre-tax discount rates

Reflect specific risks relating to the relevant segments and the countries in which they operate.

Significant estimate: impairment charge

No impairment charge has been required this year

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Intangible assets (continued)

Significant estimate: impact of possible changes in key assumptions

Below sets out the impairment charge which would be generated if the assumptions were to change by the amount stated:

Shortening the economic life by 5 years: £197,000

Reduce growth rates by 1%: £730,000

Increase the WACC by 1%: £741,000

2.8 Investment in subsidiary undertakings

Investment in subsidiary undertakings are recorded at cost, which is the fair value of the consideration paid, less impairment.

2.9 Financial instruments

The company classifies its financial assets in the following categories:

- Amortised cost.
- Fair value through profit or loss (FVTPL)
- Fair value through other comprehensive income (FVOCI)

The classification depends on the purpose for which the financial assets were acquired i.e. the entity's business model for managing the financial assets and/or the contractual cash flow characteristics of the financial asset.

Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

IFRS 9

(a) Financial assets at amortised cost

The company classifies its financial assets as at amortised cost only if both of the following criteria are met (and are not designated as FVTPL):

- The asset is held within a business model whose objective is to collect the contractual cash flows, and
- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest.

Subsequent to initial recognition these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other (expenses)/income together with foreign exchange gains and losses.

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Financial instruments (continued)

(b) Financial assets at fair value through profit or loss

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' and are categorised as fair value through profit or loss. The assets are subsequently measured at fair value with gains or losses recognised in profit or loss and presented net within other (expenses)/income in the period they arise. Fair values are determined by reference to active market or using valuation techniques where no active market exists.

The following financial assets are classified at fair value through profit or loss (FVPL):

- Equity investments that are held for trading, and
- Equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

(c) Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the company considers this classification to be more relevant.
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the company's business model is achieved both by collecting contractual cash flows and selling financial assets.

Where the entity has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the company's right to receive payments is established.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Trade receivables

Trade receivables are amounts due from customers for products sold in the ordinary course of business. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.13 Share Capital

Ordinary shares are classified as equity. Equity instruments are recognised at the proceeds received, net of direct issue costs.

2.14 Dividends

Dividends on ordinary shares are recognised in the Company's financial statements in the period in which the dividends are approved by the Board of Directors.

THORNTON & ROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.16 Current and Deferred Income Tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the year-end date and are expected to apply when the related deferred income tax is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

The Company operates post-employment schemes, including both defined benefit and defined contribution pension plans.

(a) Pension obligation

The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions where the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. Defined benefit plans typically define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The asset or liability recognised in the Statement of Financial Position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past service costs. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

A defined benefit asset is recognised to the extent the Company can gain a benefit from it through a refund or reduction in future contributions. An asset is measured as the lower of: the surplus in the defined benefit plan, and the asset ceiling.

THORNTON & ROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Employee benefits (continued)

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

(a) Pension obligation (continued)

For defined contribution plans, the Company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset, to the extent that a cash refund or a reduction in the future payments is available.

(b) Other post-employment obligations

The Company provides additional discretionary pension benefits to certain retirees who were members of the defined benefit scheme in 1990. The original obligation was calculated based on the average age of pensioners, expected remaining life and annual cost. The obligation was discounted to net present value and will unwind over 20 years.

The Company also provides for a long term service award which is awarded to staff members who have fulfilled a minimum period of employment. These obligations are valued annually by independent qualified actuaries.

(c) Profit sharing and bonus plans

The Company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.18 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the Company's activities. Revenue is shown net of Value-Added Tax, returns, rebates, royalties and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity, and specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

The Company manufactures and sells a range of pharmaceutical and household products. Sales of goods are recognised on despatch and delivery of products to the customer. Delivery does not occur until the products have been shipped/transported to the specified location and the risks of obsolescence and loss have been transferred to and accepted by the customer.

(b) Royalty and milestone income

Royalty income is recognised on an accruals basis in accordance with the substance of the relevant agreements. During the term of certain agreements, the Company also receives non-refundable milestones as certain targets are achieved. Revenue is recognised on achievement of such milestones.

THORNTON & ROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Grant income

Grants in respect of expenditure on property, plant and equipment are treated as deferred income which is credited to profit or loss by instalments over the expected useful economic life of the related assets on a basis consistent with the depreciation policy. Grants of a revenue nature are recognised in profit or loss over the period in respect of which they are paid.

2.19 Cost of sales

Cost of sales includes the cost of manufacturing finished goods inventory, including costs related to transportation, impairment and inventory write-downs.

2.20 Leases

Under IFRS 16 the directors have assessed that there is one lease but it is not material for disclosure in the accounts for a right of use asset or lease liability to be recognised.

3. FINANCIAL RISK MANAGEMENT

Financial Risk Factors

The Company's activities expose it to a variety of financial risks, including market risk, liquidity risk and credit risk. The Company's overall risk management programme seeks to minimise potential adverse effects on the Company's financial performance. The Board determines principles for overall risk management and there are written policies covering specific areas such as credit risk.

(a) Liquidity Risk

In keeping with similar sized companies, the Company's continued future operations depend on the ability to maintain sufficient working capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed. The Company has no external borrowings.

(b) Credit Risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

(i) Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers and/or regions.

(ii) Security

For some trade receivables the group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

3. FINANCIAL RISK MANAGEMENT (continued)

(iii) Impairment of financial assets

The group has the following type of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory and from the provision of consulting services

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables and contract assets 9

The group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the company's historic performance in which it sells its goods to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

This is shown in Note 19.

(c) Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure. The Company has no externally imposed capital requirements and monitors future planned activities against resources available.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical Accounting Estimates and Judgements

The Company makes estimates and judgements concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis, using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Company determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Company considers the interest rates

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

4.1 Critical Accounting Estimates and Judgements (Continued)

(a) Pension benefits (Continued)

of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. Were the discount rate used to differ by 0.5% from management's estimates, the carrying amount of pension obligations would be an estimated £1,062,000 lower or £1,131,000 higher. The sensitivity to the defined benefit obligation to changes in other principal assumptions is disclosed in Note 25.

Other key assumptions for pension obligations are based in part on current market conditions and include assumptions regarding life expectancy, price inflation and pension increases. Additional information is disclosed in Note 25.

(b) Amortisation and depreciation

Property, plant and equipment and intangible assets are depreciated and amortised respectively over their expected useful economic lives which are determined on the basis of management expectations and assessments. If the actual useful economic life is less than the expected useful life, the amount of depreciation and amortisation would be adjusted accordingly. The net book value of property, plant and equipment and intangible assets as at 31 December 2019 and 31 December 2018 was £125,519,000 and £46,679,000 respectively.

(c) Recoverability of internally generated intangible assets and acquired brands and licenses

During the year the Directors considered the recoverability of its internally generated intangible assets, comprising developed products and product development costs, which are included in the Statement of Financial Position at £3,099,000 (2018: £3,901,000). The Directors consider it is highly probable that regulatory approval will be achieved, and that the products will generate future economic benefits in excess of development costs. The Directors will closely monitor all product development projects and adjustments will be made in future periods if the carrying value is not considered fully recoverable.

5. REVENUES

Analysis of turnover by geographical location is as follows:

	2019 £'000	2018 £'000
United Kingdom	130,864	88,292
Other Europe	8,679	10,388
Rest of the World	4,355	4,417
Total	143,898	103,097

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

6. OTHER (LOSSES) / GAINS

	2019 £'000	2018 £'000
Loss on disposal of property, plant and equipment	(16)	(12)
Reserve for Bad Debt Provision	41	731
Foreign Exchange Losses	(430)	(5)
Total	(405)	714

During 2019 and 2018 there was no dividend declared by subsidiaries to Thornton & Ross Limited and there was no sale of intangible assets.

7. EXPENSES BY NATURE

	2019 £'000	2018 £'000
Materials and consumables used in production	48,043	36,198
Employee benefit expense (Note 11)	26,163	18,053
Depreciation, amortisation and impairment charges	7,100	4,715
Repairs and maintenance costs	2,205	2,083
Legal and professional fees	5,564	3,580
Advertising and marketing costs	12,315	11,963
Utilities and waste	1,623	1,317
Export and distribution expenses	2,769	2,293
Vehicle and travel expenses	647	519
Rent and rates	2,102	1,511
Insurances	493	528
Intra group recharges/charges	13,061	3,862
Other expenses	1,636	2,296
Total cost of sales, selling & distribution, marketing, research & development and general & administrative expenses	123,721	88,918

In 2018 included within the employee benefit expense above of £29,589,000 is the GMP equalisation cost of £304,000 as detailed in Note 25.

Intra group recharges/charges include performance fees from other group companies in addition to intra group recharges. Other expenses include office running costs, training, recruitment and other sundry expenses not categorised separately above.

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

8. AUDITORS' REMUNERATION

	2019 £'000	2018 £'000
Fees payable to the Company's auditors for:		
the audit of the Company's financial statements	94	70
audit-related assurance services	26	23
other services	-	11
Total	120	104

9. FINANCE INCOME

	2019 £'000	2018 £'000
Other interest	9	14
Total	9	14

10. FINANCE COST

	2019 £'000	2018 £'000
Pension interest (Note 26)	26	48
Other interest	18	17
Inter company interest	1,487	-
Interest on Receivables Purchase Agreement (Note 19)	300	338
Total	1,831	403

11. EMPLOYEE BENEFIT EXPENSE

	2019 £'000	2018 £'000
Wages and salaries	22,462	15,446
Social security costs	2,797	1,506
Other pension costs	904	1,102
Total	26,163	18,054

See Note 31 for Directors' emoluments disclosures

12. AVERAGE NUMBER OF PEOPLE EMPLOYED PER MONTH

	2019 No.	2018 No.
Selling and administrative	246	254
Manufacturing	366	337
Total	612	591

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. CORPORATION TAX EXPENSE

Analysis of the tax charge

The tax charge on the profit for the year was as follows:

	2019 £'000	2018 £'000
Corporation tax:		
Current year	2,863	2,292
Adjustments in respect of prior periods	(231)	404
Total current tax	2,632	2,696
Deferred tax (Note 23)		
Origination and reversal of timing differences	(175)	231
Adjustments in respect of prior periods	2,400	18
Total deferred tax	2,225	249
Total income tax charge	4,857	2,945

Factors affecting the tax charge for the year

The income tax charge for the year is higher (2018: higher) to the standard rate of corporation tax in the UK applied to the Company's profit before tax of 19% (2018: 19%).

	2019 £'000	2018 £'000
Profit before tax	17,950	14,504
Charge on profit on ordinary activities at standard rate of 19% (2018: 19%)	3,411	2,756
Effect of:		
Non-deductible expenses	(120)	7
Capital allowances in excess of depreciation	40	71
Qualifying R&D expenditure and patent box	(3)	28
Pension contributions spreading adjustment	(118)	137
Group relief claimed	(402)	(450)
PYA on Deferred Tax on rolled over gain	2,354	-
Rate change differences	27	(27)
Adjustments in respect of prior periods	(332)	422
Total	4,857	2,945

14. DIVIDENDS

Dividends were paid in the year ended 31 December 2019 of £10,246,800 (£341.48 per equity share) (2018: £21,515,220; £717 per equity share).

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

15. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost at 1 January 2018	11,509	31,804	4,827	1,713	49,853
Additions	44	2,279	31	341	2,695
Disposals	-	-	-	(438)	(438)
Cost at 31 December 2018	11,553	34,083	4,858	1,616	52,110
Depreciation at 1 January 2018	(4,581)	(21,116)	(3,322)	(468)	(29,487)
Depreciation charge	(164)	(1,947)	(9)	(277)	(2,397)
Disposals	-	-	-	246	246
Depreciation at 1 December 2018	(4,745)	(23,063)	(3,331)	(499)	(31,638)
At 31 December 2018					
Cost	11,553	34,083	4,858	1,616	52,110
Accumulated depreciation	(4,745)	(23,063)	(3,331)	(499)	(31,638)
Net book amount	6,808	11,020	1,527	1,117	20,472

	Land and buildings £'000	Plant and equipment £'000	Fixtures and fittings £'000	Motor vehicles £'000	Total £'000
Cost at 1 January 2019	11,553	34,083	4,858	1,616	52,110
Additions	154	9,020	324	19	9,517
Disposals	-	(16)	-	(281)	(297)
Cost at 31 December 2019	11,707	43,087	5,182	1,354	61,330
Depreciation at 1 January 2019	(4,745)	(23,063)	(3,331)	(499)	(31,638)
Depreciation charge	(188)	(1,623)	(312)	(237)	(2,360)
Disposals	-	33	-	110	143
Depreciation at 1 December 2019	(4,933)	(24,653)	(3,643)	(626)	(33,855)
At 31 December 2019					
Cost	11,707	43,087	5,182	1,354	61,330
Accumulated depreciation	(4,933)	(24,653)	(3,643)	(626)	(33,855)
Net book amount	6,774	18,434	1,539	728	27,475

The cost of freehold land which is not depreciated included in land and buildings is £84,000 (2018: £84,000).

Depreciation expense of £817,000 (2018: £813,000) has been charged in general and administrative expenses, £224,000 (2018: £238,000) in Selling and distribution expenses, £22,000 (2018: £15,000) in Marketing costs and £1,513,000 (2018: £1,330,000) has been charged to cost of sales.

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
16. INTANGIBLE ASSETS

	Acquired brands and licences £'000	Developed products £'000	Product Development costs £'000	Total £'000
Cost at 1 January 2018	45,880	2,529	960	49,369
Additions	6,474	335	576	7,385
Cost at 31 December 2018	52,354	2,864	1,536	56,754
Amortisation at 1 January 2018	(27,890)	(289)	-	(28,179)
Amortisation charge	(2,158)	(210)	-	(2,368)
Amortisation at 1 December 2018	(30,048)	(499)	-	(30,547)
At 31 December 2018				
Cost	52,354	2,864	1,536	56,754
Amortisation	(30,048)	(499)	-	(30,547)
Net book amount	22,306	2,365	1,536	26,207

	Acquired brands and licences £'000	Developed products £'000	Product Development costs £'000	Total £'000
Cost at 1 January 2019	52,354	2,864	1,536	56,754
Additions	76,576	-	-	76,576
Cost at 31 December 2019	128,930	2,864	1,536	133,330
Amortisation at 1 January 2019	(30,048)	(499)	-	(30,547)
Amortisation charge	(3,937)	(803)	-	(4,740)
Amortisation at 1 December 2019	(33,985)	(1,302)	-	(35,287)
At 31 December 2019				
Cost	128,930	2,864	1,536	133,330
Amortisation	(33,985)	(1,302)	-	(35,287)
Net book amount	94,945	1,562	1,536	98,043

Amortisation of £4,622,000 (year ended 31 December 2018: £256,960) has been charged in cost of sales and £118,000 (2018: £2,089,000) charged in general and administrative expenses. Product development costs are internally generated. The amortisation charge includes £Nil (2018: £2,089,000) related to the impairment of a new product as a result of uncertainty over its commercial prospects.

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Cost and net book value	Shares in subsidiary undertaking £'000	Total £'000
At 31 December 2018	801	801
At 31 December 2019	801	801

The Company owns 100% of the share capital of the following companies:

Name	Country of incorporation	Details	Nature of business
LCM Limited	UK	1 Ordinary share of £1	Dormant
Thornton & Ross Ireland Limited	Ireland	100 Ordinary shares of €1 each	Dormant
Zeroderma Limited	UK	100 Ordinary shares of £1 each	Dormant

All of the above companies are registered at the same address as the company. The Directors believe that the values of the investments are supported by the net assets of the underlying company.

18. INVENTORIES

	2019 £'000	2018 £'000
Raw materials	7,263	7,166
Work in progress	1,958	1,367
Finished goods	21,671	16,255
Total	30,892	24,788

The cost of materials recognised as an expense in cost of sales amounted to £48,043,000 (2018 - £34,254,000). No material stock write downs have occurred in the year.

19. TRADE AND OTHER RECEIVABLES

	2019 £'000	2018 £'000
Trade receivables	48,239	32,968
Less: provision for impairment of trade receivables	(103)	(455)
Trade receivables – net	48,136	32,513
Amounts due from related parties	5,899	6,147
Prepayments	799	667
Other receivables	1,547	550
Total	56,381	39,877

The fair value of trade and other receivables is the same as its carrying amount.

THORNTON & ROSS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19. TRADE AND OTHER RECEIVABLES (continued)

On 28 December 2017 the company entered into a Revolving Receivable Purchase Agreement with Helaba Landesbank Hessen-Thüringen Girozentrale (Purchaser) to assign, and sell selected sterling denominated trade receivables.

As of 18 December 2019 receivables amounting to £10,363,673.39 (31 December 2018 £7,675,571) were sold. The trade receivables are insured under a Credit Insurance Policy and are sold without recourse on a revolving basis to the purchaser.

An amount of £9,327,306.05 (Initial Purchase Price) (31 December 2018 £6,908,014), net of Deferred Purchase Price (calculated at 10% of the nominal amount of a purchased receivable for deductible according to the Credit Insurance Agreement) of £1,036,367.34 (31 December 2018 £767,557), was received in cash by the Company on 18 December 2019. As at 18 December 2019 the Deferred Purchase Price of £1,036,367.34 (28 December 2018 - £767,557) are included within other receivables, to be recovered by the Company as the purchased receivables are collected.

The Company continues to service, collect and administer the purchased receivables in accordance with its normal credit control procedures for the benefit of the purchaser.

Credit Quality of Financial Assets

The credit quality of trade receivables that are not impaired can be assessed by reference to historical information about counterparty default rates:

	2019 £'000	2018 £'000
Group 1 - new customers for less than 6 months	2,866	-
Group 2 - existing customers for more than 6 months with no defaults in the past	45,373	32,457
Group 3 - existing customers for more than 6 months with some defaults in the past	-	56
Total unimpaired trade receivables	48,239	32,513

As at 31 December 2019, trade receivables of £7,764,000 (31 December 2018: £13,616,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2019 £'000	2018 £'000
Up to 3 months	7,755	13,616
3 to 6 months	9	-
6 months and above	-	-
Total	7,764	13,616

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	2019 £'000	2018 £'000
UK pound	55,545	38,876
Euros	615	799
US dollars	97	150
Other currencies	124	52
Total	56,381	39,877

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

19. TRADE AND OTHER RECEIVABLES (continued)

Movements on the Company provision for impaired receivables are as follows:

	2019 £'000	2018 £'000
At start of the year	455	1,411
Release for receivables impairment	(222)	(926)
Amounts written off as uncollectable	(130)	(30)
At the end of the year	103	455

The creation and release of the provision for impaired receivables has been included in general and administrative expenses in the income statement.

20. CASH AND CASH EQUIVALENTS

	2019 £'000	2018 £'000
Cash at bank and in hand	13,750	13,368
Total	13,750	13,368

All of the Company's cash at bank is held with institutions with at least an A credit rating.

21. SHARE CAPITAL AND PREMIUM

	Number of shares	Ordinary shares £'000	Share premium £'000	Total £'000
Issued and fully paid				
As at 31 December 2018 and 2019	31,554	32	1,008	1,040

Ordinary shares

	Number of shares	Ordinary shares £'000
Shares of £1 each		
'A' Ordinary	4,100	4
'B' Ordinary	25,307	25
'C' Ordinary	600	1
'D' Ordinary	1,547	2
Total	31,554	32

The holders of 'D' shares are not entitled to receive any dividends.

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

22. TRADE AND OTHER PAYABLES

	2019 £'000	2018 £'000
Trade payables	18,247	7,171
Amounts due to group companies	151,751	72,214
Social security and other taxes	6,883	5,595
Accrued expenses and deferred income	12,842	8,608
Other payables	1,357	2,355
Total	191,080	95,943
Less non-current portion: other payables	(1,110)	(1,413)
Current portion	189,970	94,530

23. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2019 £'000	2018 £'000
Deferred tax assets:		
• to be recovered within 12 months	476	414
Total	476	414
Deferred tax liabilities:		
• to be recovered after more than 12 months	4,172	1,643
Total	4,172	1,643
Deferred tax liability (net)	(3,696)	(1,229)

The gross movement on the deferred income tax account is as follows:

	2019 £'000	2018 £'000
At start of the year	(1,229)	(980)
Income statement charge	(2,225)	(249)
Tax credit relating to components of other comprehensive income	(242)	-
At the end of the year	(3,696)	(1,229)

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

23. DEFERRED INCOME TAX (continued)

The movement in deferred income tax assets and liabilities during the year is as follows:

Deferred tax liabilities	Accelerated capital allowances £'000	Retirement benefit obligation £'000	Other timing differences £'000	Total £'000
At 1 January 2018	(1,631)	219	432	(980)
Charged to the income statement	(231)	-	(18)	(249)
At 31 December 2018	(1,862)	219	414	(1,229)
Credit to the income statement (Note 13)	(242)	-	(2,225)	(2,467)
At 31 December 2019	(2,104)	219	(1,811)	(3,696)

24. FINANCIAL INSTRUMENTS

Financial instruments by category:

Assets as per Statement of Financial Position	Amortised cost £'000	Total £'000
Trade and other receivables (excluding prepayments)	55,582	55,582
Cash and cash equivalents	13,750	13,750
31 December 2019	69,332	69,332
Trade and other receivables (excluding prepayments)	39,210	39,210
Cash and cash equivalents	13,368	13,368
31 December 2018	52,578	52,578

Liabilities as per Statement of Financial Position	Amortised cost £'000	Total £'000
Trade and other payables excluding non-financial liabilities	184,197	184,197
31 December 2019	184,197	184,197
Trade and other payables excluding non-financial liabilities	90,349	90,349
31 December 2018	90,349	90,349

There is no difference between the carrying amount of financial liabilities at fair value through profit or loss and the amount the Company would be contractually required to pay.

25. POST-EMPLOYMENT BENEFITS

The table below outlines where the Company's post-employment balances and activity are included in the financial statements.

	2019 £'000	2018 £'000
Liability in the statement of financial position	(1,352)	(1,299)
Income statement charge	26	352
Re-measurement (losses) / gains in other comprehensive income	(629)	720

Defined Benefit Pension Plan

The Company has in the past operated and made contributions to a pension scheme which provides benefits based on final pensionable pay. The scheme is funded and its assets are held in a separate trustee administered fund. A professional independent trustee firm is appointed as sole trustee for the Scheme, which is permitted by the Scheme's Rules. A lead representative of the professional independent trustee firm meets regularly with the Scheme's professional pensions advisor and senior representatives of the Company to ensure the Scheme runs smoothly.

On 26 October 2018, the High Court ruled that pension schemes must equalise benefits in order to address the inequalities that arise due to differing GMP entitlements for men and women. The judgement also provided clarity on what methods can be used which has implications for all UK pension schemes, including the Thornton & Ross 1978 Pension and Life Scheme, with members who have GMP benefits accrued between 17 May 1990 (the date of the Barber judgment) and 5 April 1997 (the date when GMP ceased to accrue).

Since 22 June 1999 the scheme has been closed to new members and to future accrual. With effect from 1 July 2002, members' pension benefits accrue within the scheme on a money purchase basis but final salary-based pension benefits to 30 June 2002 are preserved.

As a result of this ruling, an allowance has been made for GMP equalisation and the estimated impact on the Scheme's accounting liabilities is an increase of £304,000 at 26 October 2018. This impact has been allowed for as a past service cost and is included within the profit and loss account.

The amounts recognised in the Statement of Financial Position are determined as follows:

	2019 £'000	2018 £'000
Present value of funded obligations	23,501	20,481
Fair value of plan assets	(22,149)	(19,182)
Liability in the Statement of Financial Position	1,352	1,299

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

25. POST-EMPLOYMENT BENEFITS (continued)

The movement in the defined benefit obligation over the year is as follows:

	Present value of obligation £'000	Fair value of plan assets £'000	Total £'000
1 January 2018	23,078	(20,811)	2,267
Interest expense/(income)	579	(531)	48
	23,657	(21,342)	2,315
Remeasurements:			
Effect of changes in financial assumptions	(1,753)	-	(1,753)
Return on plan assets (excluding interest)	-	1,033	1,033
	(1,753)	1,033	(720)
Benefit payments from plan	(1,727)	1,727	-
Employer contributions	-	(600)	(600)
Administrative expenses	304	-	304
	(1,423)	1,127	(296)
31 December 2018	20,481	(19,182)	1,299
1 January 2019	20,481	(19,182)	1,299
Interest expense/(income)	607	(581)	26
	21,088	(19,763)	1,325
Remeasurements:			
Effect of changes in financial assumptions	3,554	-	3,554
Return on plan assets (excluding interest)	(556)	(2,369)	(2,925)
	2,998	(2,369)	629
Benefit payments from plan	(583)	583	-
Employer contributions	-	(600)	(600)
Administrative expenses	-	-	-
	(583)	(17)	(600)
31 December 2019	23,503	(22,149)	1,354

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

25. POST-EMPLOYMENT BENEFITS (continued)

Plan assets are comprised as follows:

	2019	2018
	£'000	£'000
Debt instruments (quoted and unquoted)	12,974	10,861
Investment funds	9,079	8,113
Cash and cash equivalents	96	208
Total	22,149	19,182

Employer contributions of £600,000 are expected to have been paid to the defined benefit pension plan for the year ending 31 December 2019 (2018: £600,000)

The last triennial valuation was completed as at 30 June 2016.

The significant actuarial assumptions were as follows:

	2019	2018
Discount rate	2.10%	3.00%
RPI inflation	2.85%	3.10%
CPI inflation	2.05%	2.30%
Rate of pension increases		
• earned before 6 April 1997	0.00%	0.00%
• earned after 5 April 1997	2.10%	2.30%

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory.

These assumptions translate into an average life expectancy in years for a pensioner retiring at age 65:

	2019	2018
Retiring at the end of the reporting year:		
• Male	21.8	22.3
• Female	23.7	24.3
Retiring 20 years after the end of the reporting year:		
• Male	23.2	24.1
• Female	25.2	26.3

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019
25. POST-EMPLOYMENT BENEFITS (continued)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Increase/(decrease) in defined benefit obligation 2019 £'000
Discount rate	
• Increase by 50 basis points	(2,348)
• Decrease by 50 basis points	2,696
Inflation rate (CPI)	
• Increase by 50 basis points	-
• Decrease by 50 basis points	-
Pension increase rate	
• Increase by 50 basis points	1,131
• Decrease by 50 basis points	(1,062)

The sensitivity analyses above are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The weighted average duration of the defined benefit obligation is 20 years.

26. PROVISIONS FOR LIABILITIES AND CHARGES

	Discretionary pension provision £'000	Long service award £'000	Total £'000
At 1 January 2018	141	34	175
Interest expense	-	4	4
31 December 2018	141	38	179
Interest expense	-	4	4
31 December 2019	141	42	183

The discretionary pension provision relates to additional pension entitlements awarded to certain members over and above those under the defined benefit pension scheme of the Company.

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019
27. CASH GENERATED FROM OPERATIONS

	2019 £'000	2018 £'000
Profit before taxation	17,950	14,504
Adjusted for:		
• Depreciation (Note 15)	2,360	2,397
• Amortisation (Note 16)	4,740	2,368
• Loss on disposal of fixed assets	163	12
• Finance income and costs – net	1,822	389
• Net movement in post employment benefit obligations	(576)	(248)
• Other (losses)/ gains	389	(726)
	26,848	18,696
Changes in working capital:		
• Increase in inventories	(6,104)	(1,468)
• Increase in trade and other receivables	(16,503)	(1,126)
• Increase in trade and other payables	99,950	17,751
• Increase in provisions	(391)	4
Cash generated from operations	103,800	33,856

28. CONTINGENCIES

The Company has ongoing agreements with third parties for new product development under which a total amount of £Nil (31 December 2018 £nil) is payable, conditional upon various milestones relating to marketing authorisations and sales levels being reached.

29. COMMITMENTS
Capital commitments

Capital expenditure contracted for at the end of the reporting year but not yet incurred is as follows:

	2019 £'000	2018 £'000
Property, plant and equipment	692	4,809
Total	692	4,809

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

30. RELATED PARTY TRANSACTIONS

	2019 £'000	2018 £'000
STADA Arzneimittel AG (ultimate parent company)		
- Sales	617	422
- Purchases	19,720	2,824
- Amount receivable at 31 December	85	179
- Amount payable at 31 December	(65,625)	(99)
- Interest income		
Slam Trading Limited (fellow subsidiary undertaking)		
- Purchases	39	-
- Amount receivable at 31 December	2,912	2,028
- Amount payable at 31 December	(5)	17
STADA MENA DWC LLC (fellow subsidiary undertaking)		
- Sales	2,537	2,296
- Purchases	-	29
- Amount receivable at 31 December	274	187
- Amount payable at 31 December	(30)	(29)
Clonmel Healthcare Limited (fellow subsidiary undertaking)		
- Sales	1,045	1,381
- Purchases	2,253	2,003
- Amount receivable at 31 December	287	182
- Amount payable at 31 December	(779)	(174)
STADA GmbH (fellow subsidiary undertaking)		
- Sales	-	1,782
- Purchases	194	2,954
- Amount receivable at 31 December	55	33
- Amount payable at 31 December	-	(2,315)
STADA PHARMA Slovakia s.r.o		
- Sales	71	60
- Purchases	-	8
UAB Stada-Nizhpharm-Baltija		
- Sales	-	33
STADA Nordic ApS (fellow subsidiary undertaking)		
- Sales	475	305
- Amount receivable at 31 December	-	1
- Amount payable at 31 December	(26)	-
STADA CEE GmbH (fellow subsidiary undertaking)		
- Sales	-	91
- Amount receivable at 31 December	63	-
- Amount payable at 31 December	-	(107)
Internis Pharmaceuticals Limited (fellow subsidiary undertaking)		
- Sales	-	284
- Amount payable at 31 December	(27,109)	(19,441)

THORNTON & ROSS LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

30. RELATED PARTY TRANSACTIONS (continued)

	2019 £'000	2018 £'000
STADA Hemofarm A.D. (fellow subsidiary undertaking)		
- Sales	177	43
- Amount receivable at 31 December	-	43
- Amount payable at 31 December	(24)	-
STADA Nizhpharm (fellow subsidiary undertaking)		
- Amount payable at 31 December	(2)	-
Centrafarm Nederland B.V.		
- Purchases	5	134
- Amount receivable at 31 December	-	2
- Amount payable at 31 December	(122)	(39)
STADA Hemofarm SRL (fellow subsidiary undertaking)		
- Purchases	25	-
- Amount payable at 31 December	(24)	(15)
Socialites Nederland B.V. (fellow subsidiary undertaking)		
- Amount receivable at 31 December	-	502
- Amount payable at 31 December	(32)	6
STADAPharm GmbH (fellow subsidiary undertaking)		
- Purchases	1,121	-
- Amount payable at 31 December	(556)	(2)
EG s.p.a. (fellow subsidiary undertaking)		
- Sales	451	553
- Purchases	-	191
- Amount receivable at 31 December	-	505
- Amount payable at 31 December	(14)	4
EG LABO (fellow subsidiary undertaking)		
- Amount payable at 31 December	(8)	-
EG LABO S.A.S Eurogenerics (fellow subsidiary undertaking)		
- Sales	94	102
- Amount receivable at 31 December	430	19
STADA UK Holdings Ltd (immediate parent company)		
- Sales	-	1,398
- Amount receivable at 31 December	31	1,779
- Amount payable at 31 December	(1,645)	(2,692)
Zeroderma Ltd (subsidiary undertaking)		
- Amount payable at 31 December	(3,385)	(3,385)
Sundrops Ltd (fellow subsidiary undertaking)		
- Amount payable at 31 December	(3,426)	(3,426)

THORNTON & ROSS LIMITED
NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

30. RELATED PARTY TRANSACTIONS (continued)	2019	2018
	£'000	£'000
Genus Pharmaceuticals Limited (fellow subsidiary undertaking)		
- Amount receivable at 31 December	87	87
- Amount payable at 31 December	(40,395)	(33,807)
NextGen360 Ltd (formerly BSMW Ltd (fellow subsidiary undertaking))		
- Sales	-	4
- Amount receivable at 31 December	1,370	759
Ciclum Farma Unipessoal Lda (fellow subsidiary undertaking)		
- Sales	140	16
- Purchases	-	15
- Amount receivable at 31 December	135	16
Hemopharm GmbH (fellow subsidiary undertaking)		
- Sales	431	65
- Purchases	-	4
- Amount receivable at 31 December	95	10
Natures Aid Limited (fellow subsidiary undertaking)		
- Sales	39	39
- Amount receivable at 31 December	10	26
S.A. Eurogenerics N.V. (fellow subsidiary undertaking)		
- Sales	769	1,034
- Amount receivable at 31 December	-	217
- Amount payable at 31 December	(1)	(2)
Centrafarm Services B.V. (fellow subsidiary undertaking)		
- Sales	179	168
- Amount receivable at 31 December	-	79
- Amount payable at 31 December	-	1
Laboratorio STADA S.L. (fellow subsidiary undertaking)		
- Sales	558	375
- Amount receivable at 31 December	-	95
Genus Pharmaceuticals Holdings Limited (fellow subsidiary undertaking)		
- Amounts receivable at 31 December	-	-
- Amount payable at 31 December	(7,975)	(6,722)
LCM Limited (subsidiary undertaking)		
- Amount payable at 31 December	(1)	(1)
Thorton & Ross Ireland (subsidiary undertaking)		
- Amount payable at 31 December	(69)	(69)

THORNTON & ROSS LIMITED
NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

30. RELATED PARTY TRANSACTIONS (continued)	2019 £'000	2018 £'000
Stada Arzneimittel GmbH AT(fellow subsidiary undertaking)		
- Amount receivable at 31 December	-	-
- Amount payable at 31 December	(1)	-
Stada Pharma CZ (fellow subsidiary undertaking)		
- Sales	81	-
- Amount Payable at 31 December	(8)	-
Stada Pharma Slovakia s.r.o (fellow subsidiary undertaking)		
- Amount receivable at 31 December	1	-
Laboratorio Stada S.L. (fellow subsidiary undertaking)		
- Amount receivable at 31 December	72	-
STADA M&D S.R.L. Bukarest (fellow subsidiary undertaking)		
- Sales	103	-
- Amount Payable at 31 December	(2)	-
STADA Pharmaceuticals (Asia) Ltd. (fellow subsidiary undertaking)		
- Sales	70	-
- Amount receivable at 31 December	71	-
- Amount Payable at 31 December	(330)	-
Croma Medic Inc. (fellow subsidiary undertaking)		
- Amount payable at 31 December	(34)	-
STADA (Thailand) Company Limited (fellow subsidiary undertaking)		
- Sales	-	-
- Amount payable at 31 December	(136)	-

THORNTON & ROSS LIMITED
NOTE TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

31. DIRECTORS' REMUNERATION

The amounts paid or payable to Directors for employee and Director services are shown below:

	2019 £'000	2018 £'000
Salaries and other short-term employee benefits	405	1,887
Amounts charged for services	-	-
Total	405	1,887

The highest paid Director received aggregate emoluments of £175,206 during the year (2018: £1,491,817), which included £11,400 of contributions to a money purchase pension scheme.

32. IMMEDIATE AND ULTIMATE GROUP UNDERTAKING

The Company's immediate parent undertaking is Stada UK Holdings Limited, a company incorporated in the United Kingdom. The ultimate parent and controlling party is NIDDA German Topco GmbH, a company incorporated in Germany. The Company is included within their consolidated financial statements which are publicly available from NIDDA German Topco GmbH Stadastrasse 2-18, 61118 Bad Vilbel, Germany. This is the smallest and largest company to consolidate the results of the company.

33. POST BALANCE SHEET EVENTS

Covid-19 has seen a marked uptake in demand for some products, but the full impact will be unknown until the year is complete. The coronavirus pandemic (Covid-19) has presented huge challenges across all elements of society and has impacted the way we operated as a business.

We have put in place new processes and procedures in manufacturing, to make sure that we are working in line with social distancing regulations, and that all employees have access to appropriate PPE equipment. During the height of pandemic to ensure the safety of all employees and continue supplying much needed products, we operated as a production only site with the commercial team working from home.

Thornton and Ross as a business has been fortunate that our products and services are classified as essential and we have seen a significant increase in sales via online channels throughout the Covid-19 pandemic. We couldn't have achieved this without our employees' dedication and loyalty to the business and for that we are extremely grateful.