Fresenius Kabi Oncology Plc

Directors' Report and Financial Statements
Registered number 3681716
Year ended 31 December 2017

Contents

68

Company Information

Directors

Mike Newson

Tanja Greve

Secretary

Blakelaw Secretaries Limited

Company number

3681716

Business address

Lion Court
Farnham Road
Bordon
Hampshire
GU35 0NF

Auditors

KPMG LLP (UK)
Arlington Business Park
Theale
Reading RG7 4SD

Strategic Report

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

Principal Activity

The principal activity of the Company during the period was the supply of pharmaceutical products in Europe.

Business Review

As part of the Fresenius Kabi Region - Generics API which is continuing to expand to meet growth in demand, the Company has seen an 11% growth in production volumes respective to 2016.

Given the Company's current and planned business development, as at the date of these financial statements, the parent company's intentions are for the company to continue its trading businesses for the foreseeable future. This strategy is consistent with the intentions of the ultimate parent company, Fresenius SE & Co.KGaA, in Germany.

The good performance in terms of production and sold volumes together with the launch of new products into the market is also reflected in the significant growth of sales from £19.2m to £38.5m in 2017.

The Company continues to invest in plant and machinery to enhance capabilities, increase efficiency and prepare for the expected future growth in demand.

The results for the year show a loss before tax of £0.5m compared with a profit of £0.2m in the prior year.

The decline in results is driven by the inventory devaluation that occurred at the end of the year to align the inventory value at the current market price.

One key product (Irinotecan) continues to be supplied from a third party, negatively affecting the cost of sales.

In addition, the results are impacted by a £0.1m impairment of intangible assets for which the carrying value of the asset was deemed to exceed recoverable amount.

During the year the Company continued the lean initiative to address expenses and freight costs. As a result costs in these areas were further reduced from previous years, this initiative will continue for the foreseeable future.

Key performance indicators

Management compare actual performance against budget and prior periods on a quarterly basis. Examples of the key performance indicators used by management include Revenues, Earnings before Interest and Tax (EBIT), capital expenditure and full time employees, see below:

	Amounts in GBP '(000)	
	2017	2016
Sales	38,469	19,210
EBIT for the year	(173)	479
Profit/(Loss) for the year	(457)	170
Capital Expenditure	760	291
FTE (Year End)	47	52

Principal risks and uncertainties

The operations of the Company are subject to a number of risks and uncertainties. The principal risks and uncertainties are as follows:

Product development

The development of new products carries the risk that development objectives are not achieved. The launch of new pharmaceutical products requires intensive preparation and significant investment in order to secure regulatory approval which has the risk of being delayed or rejected. The Company is also at risk from litigation regarding its product portfolio due to the competitive and regulated nature of the pharmaceuticals market. These risks are managed by the group regularly assessing development trends and opportunities and by the Company ensuring it complies with the legal requirements for pharmaceutical production and distribution.

Strategic Report *(continued)*

Principal Risks and uncertainties *(continued)*

Competitors

Other companies in the health care sector are also developing new products to compete with the Company's products. The Company manages this risk by careful review of the products it is developing whilst maintaining up to date information regarding other products in the market.

Liquidity risk

The Company is dependent on group companies' support in order to meet its third party liabilities as they fall due. This support is in the form of working capital finance (amounts due to/from related parties) and, if required, interest bearing loans which are repayable within one year. The Company mitigates this risk by communicating funding requirements to the group on a timely basis to ensure continuity of funding.

By order of the board

Tanja Greve
Director
Lion Court, Farnham Road
Bordon, Hampshire GU35 0NF

Directors' Report

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

Going concern

These financial statements have been prepared on a going concern basis following the undertaking provided by the parent company to continue to give financial support to the Company for the foreseeable future and for not less than twelve months from the date of approval of these financial statements.

Results and Dividends

The results for the period are set out on page 9. The directors do not recommend the payment of a dividend *(2016:£nil)*.

Financial instruments

The Company deploys financial instruments including bank balances, intercompany loans, trade debtors and trade creditors in order to finance its operations, and to manage the interest rate, foreign currency and liquidity risks that arise from its operations and from its sources of finance. It is not the policy of the Company to trade in financial instruments. The directors review and agree policies for managing each of these risks.

The directors' financial risk management objective is to maximise financial assets and minimise financial liabilities whilst not engaging in speculation. The financial risks identified as arising from the Company's financial instruments are interest rate risk and liquidity risk.

In respect of bank balances, the liquidity risk is managed through careful management of cash resources.

Interest rate risk is managed by means of loans being from parent company at fixed rates for the loan term.

These objectives, policies and strategies are consistent with those applied in the previous year.

Directors

The following directors held office during the year:

Dr. Michael Schönhofen (resigned 27 November 2017)
Christoph Funke (resigned 27 November 2017)
Mike Newson (appointed 27 November 2017)
Tanja Greve (appointed 27 November 2017)

Political and charitable contributions

The Company made no political or charitable contributions during the period (*2016: £nil*).

Disclosure of information to auditor

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

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Directors' Report *(continued)*

Auditor

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

By order of the board,

Tanja Greve
Director
Lion Court, Farnham Road
Bordon, Hampshire GU35 0NF

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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KPMG LLP
Arlington Business Park
Theale
Reading RG7 4SD

Independent auditor's report to the members of Fresenius Kabi Oncology Plc

Opinion

We have audited the financial statements of Fresenius Kabi Oncology Plc ("the company") for the year ended 31 December 2017 which comprise the Profit and Loss Account, Balance Sheet, and Statement of Changes in Equity, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

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Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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

Jonathan Russell, FCA(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale
Reading RG7 4SD

4th June 2018

68

Profit and Loss Account

For the year ended 31 December 2017

	Note	**2017**	2016
		£000	£000
Turnover	*2*	**38,469**	19,210
Cost of sales		**(33,626)**	(13,805)
Gross profit		**4,843**	5,405
Distribution Costs		**(283)**	(292)
Administrative expenses		**(4,733)**	(4,634)
Operating (loss)/profit	*3*	**(173)**	479
Interest payable and similar expenses	*6*	**(284)**	(284)
(Loss) / Profit before taxation		**(457)**	195
Tax on (loss) / profit	*7*	**-**	(25)
(Loss) / Profit after taxation		**(457)**	170

All amounts relate to continuing activities.

For 2016 and 2017 there has been no income or expense in other comprehensive income except for the profit for the financial year.

The accompanying notes on pages 12 to 26 form an integral part of the financial statements.

Balance Sheet

As at 31 December 2017

	Note	2017	2017	2016	2016
		£000	£000	£000	£000
Fixed assets					
Other Intangibles	8	608		733	
Tangible assets	9	3,883		3,428	
			4,491		4,161
Current Assets					
Stocks	10	7,212		7,254	
Debtors	11	13,711		11,654	
Cash at bank and in hand		-		-	
		20,923		18,908	
Creditors: amounts falling due within one year	12	(28,106)		(25,304)	
Net current liabilities			(7,183)		(6,396)
Net liabilities			(2,692)		(2,235)
Capital and reserves					
Called up share capital	14		41,280		41,280
Capital contribution			47,200		47,200
Profit and loss account			(91,172)		(90,715)
Shareholders' deficit			(2,692)		(2,235)

The accompanying notes on pages 12 to 26 form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 30th May 2018 and were signed on its behalf by:

Tanja Greve
Director

Statement of Changes in Equity

For the period ended 31 December 2017

	Called up Share capital	Capital contribution	Profit and loss account	Total equity
Balance at 1 January 2017	41,280	47,200	(90,715)	(2,235)
Total comprehensive income for the period				
Profit or Loss	-	-	(457)	(457)
Balance at 31 December 2017	**41,280**	**47,200**	**(91,172)**	**(2,692)**

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Notes
(forming part of the financial statements)

1 Accounting policies

Fresenius Kabi Oncology PLC (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102") as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking Fresenius SE & Co.KGaA includes the Company in its consolidated financial statements. The consolidated financial statements of Fresenius SE & Co.KGaA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from Fresenius SE & Co.KGaA, 61346 Bad Homburg v.d.H, Germany. In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

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

As the consolidated financial statements of Fresenius SE & Co.KGaA include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

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

1.1 Going concern

The financial statements have been prepared on the going concern basis, which the Directors believe to be appropriate for the following reasons. To remain a going concern, the Company is dependent on funds provided to it by the Fresenius SE&Co.KGaA group (mainly, Fresenius Kabi AG). Fresenius Kabi AG has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. In reaching their conclusions regarding going concern, the Directors of the Company have considered the financial position of the group and the net current liabilities of the Company of £7.2m (*2016: £6.4m*).

1.2 Foreign currency

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.3 Classification of financial instruments issued by the Company

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

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

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

1.4 Basic financial instruments

Trade and other debtors / creditors

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

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.
The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated. The estimated useful lives are as follows:

- buildings Between 2% and 10% straight line
- plant and equipment Between 5% and 25% straight line
- fixtures and fittings Between 10% and 33% straight line

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

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Notes *(continued)*

1 Accounting policies *(continued)*

1.6 Intangible assets

Development costs and product registration fees

Intangible assets are stated at cost less amortisation and impairment. Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- development costs and product registration fees 10 years

The basis for choosing the useful life is an estimate of the life of a generic product registered for pharmaceutical distribution - it is used as a basis for product launch decision making and is consistent with the range of finite useful lives of intangibles assets used by the group. No residual value is expected on intangible assets after 10 years.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. In the case of manufactured stocks and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

1.8 Impairment excluding stocks and deferred tax assets

The carrying amounts of the Company's assets, other than, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.9 Employee benefits

Defined contribution plans and other long term employee benefits

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

Notes *(continued)*

1 Accounting policies *(continued)*

1.9 Employee benefits (continued)

Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probably that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

1.10 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of pharmaceutical products to customers. Turnover is recognised on the point of despatch by the Company.

1.11 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

1.12 Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

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

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

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Notes *(continued)*

2 Turnover

	2017	2016
	£000	£000
Sale of goods	**38,469**	19,210

By activity

	2017	2016
	£000	£000
Supply of pharmaceutical products	**38,469**	19,210

By geographical market

	2017	2016
	£000	£000
UK & Ireland	-	2,871
Europe	**38,192**	16,339
Canada	**277**	-
	38,469	19,210

3 Expenses and auditor's remuneration

	2017	2016
	£000	£000
Impairment loss on intangible assets	**99**	-
Restructuring costs expensed as incurred	-	27

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	2017	2016
	£000	£000
Auditor's remuneration		
Audit of these financial statements	**33**	33
Other services relating to taxation	**7**	21
	40	54

4 Staff numbers and costs

The average number of employees during the period was:

	2017	2016
Manufacturing and packaging	**19**	19
Operations support and administration	**13**	18
Quality assurance and control	**15**	15
	47	52

The aggregate payroll costs of these persons were as follows:

	2017	2016
	£000	£000
Wages	**1,906**	2,094
Social Security costs	**195**	189
Other pension costs	**116**	129
Redundancy cost	-	27
	2,217	2,439

5 Remuneration of Directors

Directors' remuneration was paid by the parent company Fresenius Kabi AG in both the current and prior year. It is not possible to sensibly estimate an allocation of that remuneration to this entity, as the Directors provide services to a large number of group entities.

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Notes *(continued)*

6 Interest payable

	2017 £000	2016 £000
On bank loans and overdrafts	3	3
On group loans	281	281
	284	284

7 Taxation

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

	2017 £000	2016 £000
UK corporation tax		
Current tax	-	-
Adjustment in respect of prior years	-	25
	-	25

	2017 £000 Total tax	2016 £000 Total tax
Recognised in profit and loss account	-	25

Analysis of total tax recognised in profit and loss	2017 £000	2016 £000
UK corporation tax	-	25

68

Notes *(continued)*

7 Taxation *(continued)*

Reconciliation of effective tax rate

	2017	2016
	£000	£000
Current tax reconciliation		
(Loss) / Profit on ordinary activities before tax	**(457)**	**195**
Tax on loss on ordinary activities at standard CT rate of 19.25% (PY: 20.00%)	**(88)**	**39**
Effects of:		
Fixed asset differences	**12**	**-**
Expenses not deductible for tax purposes	**1**	**2**
Difference between depreciation and capital allowances		**13**
Adjust closing deferred tax to average rate of 19.25%	**13**	**-**
Effects of changes in tax rates	**-**	**455**
Tax losses created	**62**	**(484)**
Total current tax credit (see above)	**-**	**25**

A deferred tax asset of £7,860,555 (2016: £7,859,829) primarily in respect of historic losses has not been recognised due to the uncertainty regarding the future profitability of the Company.

Reductions in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly. The deferred tax liabilities and unrecognised deferred tax asset as at 31 December 2017 have been calculated based on these rates.

68

Notes *(continued)*

8 Intangible fixed assets

	Development costs
	£000
Cost	
At 1 January 2017	21,341
Acquisitions	233
Impairment	(319)
At 31 December 2017	**21,255**
Amortisation	
At 1 January 2017	(20,608)
Charge for the year	(261)
Impairment	222
At 31 December 2017	**(20,647)**
Net book value	
At 31 December 2017	**608**
At 31 December 2016	733

Amortisation and impairment charge

The amortisation and impairment charge are recognised in the following line items in the profit and loss account.

	2017	2016
	£000	£000
Administrative expenses	**358**	298
	358	298

During the year management conducted an impairment review of intangible assets. The recoverable amount of the assets was assessed by reviewing the discounted future cash flows of the associated product lines. Impairment was recognised in the year of £0.1m.

68

Notes *(continued)*

9 Tangible fixed assets

	Freehold land and buildings	Plant and machinery and motor vehicles	Fixtures, fittings and equipment	Total
	£000	**£000**	**£000**	**£000**
Cost				
At 1 January 2017	5,274	5,731	2,624	13,629
Additions	16	740	-	756
Disposals	-	(14)	-	(14)
At 31 December 2017	5,290	6,457	2,624	14,371
Depreciation				
At 1 January 2017	3,248	4,419	2,534	10,201
Charge for the period	14	287		301
Disposals		(14)		(14)
At 31 December 2017	3,262	4,692	2,534	10,488
Net book value				
At 31 December 2017	**2,028**	**1,765**	**90**	**3,883**
At 31 December 2016	2,026	1,312	90	3,458

Freehold land totalling £1,645,413 has not been depreciated.

Heritage Assets

Within the grounds of the Company's site in Bordon there is a 19th century gatehouse which is a Grade 2 listed building. The gatehouse is used by the Company as a storage area and it is not open to the general public. The gatehouse is small in size and is insignificant in the context of the overall site. It is very unlikely that the gatehouse could be sold separately to the rest of the site due to its proximity to the main buildings. Therefore the Company has not been able to separately value the gatehouse as a heritage asset under FRS 102. The cost of the gatehouse is accounted for as part of the overall Bordon site. This is included in freehold land and buildings at cost.

10 Stocks

	2017	2016
	£000	£000
Raw materials and consumables	**532**	516
Finished goods and goods for resale	**6,680**	6,738
	7,212	7,254

Notes *(continued)*

Raw materials, consumables and changes in finished goods and work in progress recognised as cost of sales in the year amounted to £33,626k *(2016: £13,805k)*. The write-down of stocks to net realisable value amounted to £510k *(2016: £nil)*.

11 Debtors

	2017	2016
	£000	£000
Amounts owed by group companies	**4,034**	8,440
Other debtors	**7,299**	534
Prepayments and accrued income	**2,378**	1,432
Taxes and social security	**-**	1,248
	13,711	11,654

12 Creditors: amounts falling due within one year

	2017	2016
	£000	£000
Trade creditors	**770**	1,686
Owed to group companies	**5,962**	5,349
Loans from parent company	**21,050**	17,900
Accruals and deferred income	**176**	369
	27,958	25,304

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Notes *(continued)*

13 Interest bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest bearing loans and borrowings which are measured at amortised cost.

	2017	2016
	£000	£000
Creditors falling due within less than one year		
Loans from parent company	**21,050**	17,900

	Currency	**Nominal interest rate**	**Year of maturity**	**Repayment schedule**	**2017**
					£000
Loan 1 from parent	EUR	1.100%	2018	Repayable on maturity	**5,057**
Loan 2 from parent	GBP	1.782%	2018	Repayable on maturity	**10,527**
Loan 3 from parent	EUR	1.455%	2018	Repayable on maturity	**1,424**
Cashpool overdraft	GBP	0.000%	2018	Repayable on maturity	**4,042**
					21,050

14 Share capital

	2017	2016
	£000	£000
Allotted, called up and fully paid		
412,799,240 *(2012: 412,799,240)* Ordinary shares of 10p each	**41,280**	41,280
	41,280	41,280

15 Related parties

The Company has transacted with the parent company and other subsidiaries of the group as per the table below.

	Sales to		Administrative expenses incurred from	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Parent	**-**	-	-	13
Other related parties	**38,191**	19,210	-	-
	38,191	19,210	-	13

	Receivables outstanding		Creditors outstanding	
	2017	2016	**2017**	2016
	£000	£000	**£000**	£000
Parent	**-**	-	-	-
Other related parties	**4,034**	8,440	-	-

Notes *(continued)*

16 Ultimate parent company

The Company is a subsidiary undertaking of Fresenius Kabi AG registered in Germany.

The largest group in which the results of the Company are incorporated is that headed by Fresenius SE, the ultimate parent company incorporated in Germany. A copy of these accounts may be obtained from Fresenius SE & Co.KGaA, 61346 Bad Homburg v.d.H, Germany.