Ipsen Limited

Director's report and financial statements

31 December 2011

Registered number 06751069

FRIDAY
A1E2RMJM
A10 27/07/2012 #45
COMPANIES HOUSE

Directors' report

The directors present their directors' report and financial statements for the year ended 31 December 2011

Principal activities

Ipsen Limited markets and distributes pharmaceutical products in the UK

Results and dividends

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements and are discussed in the business review below The directors do not recommend the payment of a dividend (*2010 £nil*)

Business review

Financial overview

The Company markets a range of pharmaceutical products to external customers Since acquiring the UK activity of Ipsen Developments Limited the Company has had satisfactory growth in a highly competitive market place

Financial performance

Financial performance for the year was as follows

	2011	2010
	£000	£000
Revenue	**40,513**	39,897
Gross profit	**14,188**	15,664
Profit before tax	**1,571**	3,612

Strategy

The Company's strategy is to continue to increase sales and expand its product range in the UK domestic market

Revenue and gross profit

The Company's revenue has grown more slowly in the year due to UK National Health Service price pressures, which have had a negative effect on margins

Summary of key performance indicators

The directors have monitored progress of the Company's overall strategy and the individual strategic elements by reference to certain financial and non-financial key performance indicators

	2011	2010	Method of calculation
Gross profit margin (%)	**35**	39	Gross profit margin is the ratio of gross profit to sales expressed as a percentage
Headcount number	**72**	70	Average number of employees in the year

Directors' report *(continued)*

Future outlook

The external commercial environment is expected to remain competitive in 2012 and the UK government is expected to continue to restrict pharmaceutical pricing

The directors believe that the Company's performance will continue at a satisfactory level

Principal risks and uncertainties

The directors have reviewed the Company's principal risks and uncertainties These are discussed in notes 25 and 26 to the financial statements The Company carries on business in a changing environment which poses significant risks for the Company which are outside its control

Going concern

The Company's business activities, together with the factors likely to affect its future development and position, are set out above and the Company is expected to continue to generate positive cash flows on its own account for the foreseeable future The Company participates in the Ipsen SA group's centralised treasury management arrangements and so shares banking arrangements with its parent and fellow subsidiaries

The directors, having assessed the responses of the directors of the Company's parent company to their enquiries have no reason to believe that a material uncertainty exists that may cause significant doubt about the ability of the Company to continue as a going concern or its ability to continue with the current banking arrangements

On the basis of their assessment of the Company's financial position and of the enquiries made of the directors of the parent company, the Company's directors have a reasonable expectation that the Company will be able to continue in operational existence for the foreseeable future Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements

Directors

The directors who held office during the year were as follows

J C Davis
C De La Tour
S T Hill
O Jochem

Political and charitable contributions

The Company made no political contributions during the year Donations to UK charities amounted to £nil *(2010 £860)*

Auditor

Pursuant to a shareholders' resolution, the Company is not obliged to reappoint its auditor annually and Grant Thornton UK LLP will therefore continue in office

By order of the board

J C Davis
Secretary

Date 14 February 2012

Registered office
190 Bath Road
Slough
Berkshire
SL1 3XE

Company registration number 06751069

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year Under that law, the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of the affairs and profit or loss of the Company for that period

In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 2006 The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

In so far as each of the directors is aware

- there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website and accordingly the auditors accept no responsibility for the information published there Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Report of the independent auditor to the members of Ipsen Limited

We have audited the financial statements of Ipsen Limited for the year ended 31 December 2011 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

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

Respective responsibilities of directors and auditor

As explained more fully in the statement of directors' responsibilities set out on page 3 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRS as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records or 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

Grant Thornton UK LLP

Paul Creasey
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading

Date 14 February 2012

Statement of financial position

at 31 December 2011

	Note	2011 £000	2010 £000
Non-current assets			
Property, plant and equipment	*10*	**97**	57
Intangible assets	*11*	**15**	26
Deferred tax assets	*12*	**12**	57
		124	140
Current assets			
Inventories	*13*	**4,639**	2,375
Trade and other receivables	*14*	**18,525**	11,174
Tax refundable		**322**	590
Cash and cash equivalents	*15*	**1,934**	691
		25,420	14,830
Total assets		**25,544**	14,970
Equity attributable to owners of the Company			
Share capital	*19*	**1,000**	1,000
Retained earnings		**2,924**	1,628
Total equity		**3,924**	2,628
Current liabilities			
Borrowings	*16*	**5,136**	-
Trade and other payables	*17*	**16,484**	12,342
Total liabilities		**21,620**	12,342
Total equity and liabilities		**25,544**	14,970

These financial statements were approved by the board of directors on 14 February 2012, authorised for issue and signed on their behalf by

J C DAVIS
Director

The accompanying notes form an integral part of these financial statements

Statement of comprehensive income

for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Revenue	4	**40,513**	39,897
Cost of sales		**(26,326)**	(24,233)
Gross profit		**14,188**	15,664
Operating expenses		**(12,663)**	(12,036)
Results from operating activities	5	**1,525**	3,628
Finance income	8	**74**	31
Finance costs	8	**(28)**	(47)
Net finance income/(costs)		**46**	(16)
Profit before tax		**1,571**	3,612
Tax expense	9	**(275)**	(3,574)
Profit for the financial year and total comprehensive income for the year		**1,296**	38
Attributable to			
Owners of the Company		**1,296**	38

The accompanying notes form an integral part of these financial statements

Statement of changes in equity

for the year ended 31 December 2011

	Share capital £000	Retained earnings £000	Total equity £000
Balances at 1 January 2010	1,000	1,590	2,590
Total comprehensive income for the period	-	38	38
Balances at 31 December 2010 and 1 January 2011	1,000	1,628	2,628
Total comprehensive income for the period	-	1,296	1,296
Balance at 31 December 2011	**1,000**	**2,924**	**3,924**

The accompanying notes form an integral part of these financial statements

Statement of cash flows

for the year ended 31 December 2011

	Note	2011 £000	2010 £000
Cash flows from operating activities			
Profit for the year		**1,296**	38
Adjustments for			
Depreciation, amortisation and impairment	*10,11,12*	**(595)**	623
Finance income	*8*	**(74)**	(31)
Finance expense	*8*	**28**	47
(Profit)/loss on sale of property, plant and equipment		**(3)**	(8)
Taxation	*9*	**275**	3,575
		927	4,244
Changes in working capital			
Change in trade and other receivables	*14*	**308**	(408)
Change in inventories	*13*	**(2,264)**	6,350
Change in trade and other payables	*17*	**4,132**	2,863
Cash generated from/(absorbed by) operations		**3,103**	13,049
Tax repaid/(paid)		**38**	(4,469)
Net cash from/(used in) operating activities		**3,141**	8,580
Cash flows from investing activities			
Interest received	*8*	**82**	59
Purchase of property, plant and equipment	*10*	**(72)**	(39)
Proceeds from sale of property, plant and equipment		**8**	27
Acquisition of intangible assets		**-**	(34)
Funds repaid by/(lent to) group companies	*14*	**(7,034)**	(4,370)
Net cash (used in)/from investing activities		**(7,016)**	4,383
Cash flows from financing activities			
Interest paid		**(18)**	(60)
Funds borrowed from/(repaid to) group companies	*16*	**5,136**	(13,331)
Net cash (used in)/ from financing activities		**5,118**	(13,391)
Net increase/(decrease) in cash and cash equivalents		**1,243**	(428)
Cash and cash equivalents at 1 January		**691**	1,119
Cash and cash equivalents at 31 December	*15*	**1,934**	691

The accompanying notes from an integral part of these financial statements

Notes
(forming part of the financial statements)

1. Reporting entity

Ipsen Limited (the "Company") is a company incorporated in the UK The address of the Company's registered office is 190 Bath Road, Slough, Berkshire SL1 3XE The financial statements of the Company as at and for the year ended 31 December 2011 present information about the Company The Company is primarily involved in the marketing and distribution of pharmaceutical products

2. Basis of preparation

The financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") as they apply to the financial statements of the Company for the year ended 31 December 2011 and applied in accordance with the Companies Act 2006

The financial statements have been prepared on the historical cost basis except where indicated otherwise in note 3

The financial statements are presented in sterling, which is also the Company's functional currency, and rounded to the nearest thousand pounds ("£000"), except where indicated

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 25

3. Principal accounting policies

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

Foreign currency

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of transaction Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the foreign exchange rate ruling at that date Foreign exchange differences arising on translation are recognised in the statement of comprehensive income

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment Land is not depreciated The estimated useful lives are as follows

- office equipment three to five years
- motor vehicles five years

Intangible assets

Software licences acquired by the Company are stated at cost less accumulated amortisation and impairment losses

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite Software licences are amortised over a useful life of three years

Notes *(continued)*

3. Principal Accounting policies *(continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value Cost is based on the standard cost principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition

Impairment

The carrying amounts of the Company's assets, inventories and deferred tax assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment If any such indication exists, the asset's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount Impairment losses are recognised in the statement of comprehensive income

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis A cash generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets

Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs

Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Financial assets

Under IFRS 7, the Company's loans, trade and other receivables are categorised as "Loans and receivables" as they are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market The valuation method for this category of financial asset is "amortised cost" using the effective interest method, less any impairment provision For all current receivables "amortised cost" is effectively cost

The carrying values of the Company's financial assets are reviewed throughout the year to determine whether there is any indication of impairment If any such indication exists, an impairment loss is recognised to reduce the asset's carrying value to the estimated recoverable amount For receivables, this review is based on the latest information available and any financial assets that are substantially past due are also considered for impairment Any change in the value of financial assets is recognised in the statement of comprehensive income line item "finance costs" or "finance income", as appropriate

Notes *(continued)*

3. Principal Accounting policies *(continued)*

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits

Financial liabilities

The Company's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method For all current payables "amortised cost" is effectively cost

Financial liabilities are recognised when the Company becomes a party to the contractual agreements of the instrument All interest-related charges, and if applicable, changes in an instrument's fair value are reported in the statement of comprehensive income line item "finance costs" or "finance income", as appropriate

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the comprehensive statement of income as incurred

Revenue

Revenue comprises the fair value or the consideration received or receivable for the sale of goods and royalty income receivable in the normal course of business Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding VAT and trade discounts Revenue is recognised upon the performance of services or transfer of risk to the customer

Sales of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods which is generally when the goods are delivered
- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the Company, and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

Rendering of services

Service income is recognised when invoiced and relates to the direct costs incurred in providing the service, together with attributable overheads and margin The outcome of the transaction is deemed to be able to be estimated reliably when all the following conditions are satisfied

- the amount of revenue can be measured reliably
- it is probable that the economic benefits associated with the transaction will flow to the entity, and
- the costs incurred for the transaction and the cost to complete the transaction can be measured reliably

Notes *(continued)*

3. Principal Accounting policies *(continued)*

Royalties

Royalties are recognised on an accruals basis in accordance with the substance of the relevant agreement when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of the royalty can be measured reliably

Expenses

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease Lease incentives received are recognised in the statement of comprehensive income as an integral part of the total lease expense

Taxation

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

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes The temporary differences relating to investments in subsidiaries are not provided for to the extent that they will probably not reverse in the foreseeable future The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the statement of financial position date

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised

Dividends

Dividend distributions payable to equity shareholders are included in "other short term financial liabilities" when the dividends are approved in general meeting prior to the statement of financial position date

Equity

Equity comprises the following

- "Share capital" represents the nominal value of equity shares
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue
- "Retained earnings" represents retained profits

Notes *(continued)*

Standards in issue but not yet effective

The following accounting standards and interpretations are in issue but have not yet been adopted by the Company

- IFRS 9 Financial Instruments (effective 1 January 2015)*
- IFRS 11 Joint Arrangements (effective 1 January 2013)*
- IFRS13 Fair Value Measurement (effective 1 January 2013)*
- IAS 19 Employee Benefits (revised June 2011) (effective 1 January 2013)*
- Disclosures – Transfers of Financial Assets – Amendments to IFRS7 (effective 1July 2011)
- Deferred Tax Recovery of Underlying Assets – Amendments to IAS12 Income Taxes (effective 1 January 2012)*
- Presentation of Items of Other Comprehensive Income – Amendments to IAS 1 (effective 1 July 2012)*
- Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (effective 1 January 2013)*
- Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (effective 1 January 2014)*
- Mandatory Effective Date and Transition Disclosures - Amendments to IFRS 9 and IFRS 7 (effective 1 January 2015)*

* not yet adopted by the EU

None of the standards listed above is expected to have a significant impact on the values presented in the Company's financial statements

4 Revenue

Revenue analysed by category

	2011	2010
	£000	£000
Sale of goods	**40,245**	39,683
Rendering of services	**268**	214
	40,513	39,897

Revenue analysed by geographical area

	2011	2010
	£000	£000
United Kingdom	**40,513**	39,884
Rest of World	**-**	13
	40,513	39,897

Notes *(continued)*

5. Expenses

Included in profit are the following

	2011 £000	2010 £000
Research and development expenses as incurred	1,405	1,206
Net foreign exchange gains	(88)	(167)

Auditor's remuneration:

	2011 £000	2010 £000
Fees payable to the Company's auditor for the audit of the financial statements	26	23

The Company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2011 The proportionate liability agreement follows the standard terms in Appendix B to the Financial reporting Council's June 2008 Guidance on Auditor Liability Agreements and was approved by the shareholders on 19 January 2010

6. Staff numbers and costs

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

	Number of employees 2011	2010
Selling and distribution	60	63
Development	12	7
	72	70

The aggregate payroll costs of these persons were as follows

	2011 £000	2010 £000
Wages and salaries	3,625	3,734
Social Security costs	562	480
Pension costs	388	362
Other costs	597	132
	5,172	4,708

7. Directors' remuneration

	2011 £000	2010 £000
Directors' remuneration	189	195
Company contributions to money purchase pension plans	14	14

During the year one director *(2010 one)* accrued benefits under a money purchase pension scheme

Notes *(continued)*

8. Finance income and costs

	2011 £000	2010 £000
Interest income from related parties on financial assets carried at amortised cost	**74**	31
Finance income	**74**	31

	2011 £000	2010 £000
Interest expense for borrowings from related parties at amortised cost	**28**	47
Finance costs	**28**	47

9. Taxation

Recognised in the statement of comprehensive income

	2011 £000	2010 £000
Current tax expense		
Current year	**230**	3,628
Adjustment to prior years	**-**	(38)
	230	3,590
Deferred tax charge/(income)		
Origination and reversal of temporary differences	**240**	(16)
Previously unrecognised temporary difference	**(198)**	-
Impact of tax rate change on closing asset	**3**	-
	45	(16)
Total tax charge in statement of comprehensive income	**275**	3,574

Reconciliation of effective tax rate

	2011 £000	2010 £000
Profit before tax	**1,571**	3,612
Tax using the effective UK corporation tax rate of 26 5% *(2010 28%)*	**416**	1,011
Non-deductible expenses	**54**	50
Previously unrecognised temporary difference	**(198)**	-
Intragroup tax losses purchased	**-**	2,551
Reduced tax charge for prior years	**-**	(38)
Impact of tax rate change on closing asset	**3**	-
Total tax charge in statement of comprehensive income	**275**	3,574

There was no current or deferred tax charged or credited directly to equity in the year *(2010 none)*

Notes *(continued)*

10. Property, plant and equipment

	Office equipment £000	Motor Vehicles £000	Total £000
Cost			
Balance at 1 January 2010	28	113	141
Additions	39	-	39
Disposals	-	(44)	(44)
Balance at 31 December 2010 and at 1 January 2011	67	69	136
Additions	72	-	72
Disposals	-	(43)	(43)
Balance at 31 December 2011	**139**	**26**	**165**
Depreciation and impairment			
Balance at 1 January 2010	16	38	54
Depreciation charge for the year	15	34	49
Disposals	-	(24)	(24)
Balance at 31 December 2010 and at 1 January 2011	31	48	79
Depreciation charge for the year	17	10	27
Disposals	-	(38)	(38)
Balance at 31 December 2011	**48**	**20**	**68**
Net book value			
At 1 January 2010	12	75	87
At 31 December 2010 and at 1 January 2011	36	21	57
At 31 December 2011	**91**	**6**	**97**

Depreciation charge

The depreciation charge is recognised in operating expenses in the statement of comprehensive income

Notes *(continued)*

11 Intangible assets

	Cost £000	Amortisation £000	Net book value £000
Software			
Balance at 1 January 2010	-	-	-
Additions	34	-	34
Amortisation charge for the year	-	(8)	(8)
Balance at 31 December 2010 and at 1 January 2010	34	(8)	26
Amortisation charge for the year	-	(11)	(11)
Balance at 31 December 2011	**34**	**(19)**	**15**

Amortisation charge

The amortisation charge is recognised in operating expenses in the statement of comprehensive income

12. Deferred tax assets

Recognised deferred tax assets

Deferred tax assets are attributable to the following

	Assets		Liabilities		Net	
	2011 £000	2010 £000	**2011 £000**	2010 £000	**2011 £000**	2010 £000
Property, plant and equipment	**(12)**	(14)	-	-	**(12)**	(14)
Deferred expenses	-	(43)	-	-	-	(43)
Tax assets	**(12)**	(57)	-	-	**(12)**	(57)
Net of tax liabilities	-	-	-	-	-	-
Net tax assets	**(12)**	(57)	-	-	**(12)**	(57)

12 Deferred tax assets *(continued)*

***Recognised deferred tax assets** (continued)*

Movement in deferred tax during the year

	1 January 2011 £000	Recognised in income £000	31 December 2011 £000
Property, plant and equipment	(14)	2	(12)
Deferred expenses	(43)	43	-
	(57)	**45**	**(12)**

Movement in deferred tax during the prior year

	1 January 2010 £000	Recognised in income £000	31 December 2010 £000
Property, plant and equipment	(7)	(7)	(14)
Deferred expenses	(34)	(9)	(43)
	(41)	(16)	(57)

13. Inventories

	2011 £000	2010 £000
Finished goods	**4,639**	2,375

The cost of inventories charged to the statement of comprehensive income in the year was £26,325,000 *(2010 £22,386,000)* During the year a provision of £8,000 was recognised (*2010 reversal £149,000*) No inventories were written off in the year (*2010 nil*)

None of the inventories are pledged as securities for liabilities

14. Trade and other receivables

	2011 £000	2010 £000
Other trade receivables	7,974	6,357
Loans to related parties	10,191	3,157
Other receivables	-	13
Pre-payments and accrued income	360	1,639
Interest receivable from related parties	-	8
Current trade and other receivables	18,525	11,174

All receivables are short-term and the carrying value of trade receivables is considered a reasonable approximation of fair value

Loans to related parties relate to short term cash lending as part of the cash flow funding for the Ipsen SA group UK companies Loans are perpetual and the interest rate is set a 1 January each year at the current UK base rate plus 1% In 2011 interest was charged at the rate of 1 5% *(2010 1 5%)*

Notes *(continued)*

14. Trade and other receivables *(continued)*

All of the trade and other receivables have been reviewed for indicators of impairment Other trade receivables are shown net of impairment losses amounting to £nil *(2010 £565,000)*

In addition, some of the unimpaired trade receivables are past due as at the reporting date The age of financial assets past due but not impaired is as follows

	2011	2010
	£000	£000
Not more than 3 months	**3,836**	292
More than 3 months but not more than 6 months	**49**	-
More than 6 months but not more than 1 year	**12**	106
More than 1 year	**-**	10
	3,897	408

15. Cash and cash equivalents

	2011	2010
	£000	£000
Cash and cash equivalents per the statement of financial position and statement of cash flow	**1,934**	691

16 Borrowings

	2011	2010
	£000	£000
Current liabilities		
Loans from related parties at amortised cost	**5,136**	-

Loans from related parties related to short term cash lending as part of the cash flow funding for the Ipsen SA group Loans are perpetual and the interest rate on loans for overseas companies is based on the LIBOR three-month rate The average rate of interest charged in the year was 0 87% *(2010 0 67%)*

17. Trade and other payables

	2011	2010
	£000	£000
Trade payables due to related parties	**10,741**	9,461
Other trade payables	**913**	293
Non-trade payables and accrued expenses	**4,819**	2,588
Interest payable to related parties	**11**	-
Current trade and other payables	**16,484**	12,342

All trade and other payables are short term and the carrying values are considered to be a reasonable approximation of fair value

Notes *(continued)*

18. Employee benefits

Defined contribution pension plans

The Company contributes to externally funded defined contribution pension plans The total expense relating to these plans in the current year was £389,000 *(2010 £362,000)*

19. Share capital

	Ordinary shares	
	2011	2010
	Number of shares in thousands	
In issue at 31 December – fully paid	**1,000**	1,000

	2011	2010
	£000	£000
Authorised		
Ordinary shares of £1 each	**1,000**	1,000
Allotted, called up and fully paid		
Ordinary shares of £1 each	**1,000**	1,000

20. Financial assets and liabilities

Fair value information

	2011		2010	
	Fair value	**Carrying amount**	Fair value	Carrying amount
	£000	**£000**	£000	£000
Assets				
Trade and other receivables	**18,165**	**18,165**	9,535	9,535
Cash and cash equivalents	**1,934**	**1,934**	691	691
Liabilities				
Borrowings	**5,136**	**5,136**	-	-
Trade and other payables	**16.484**	**16.484**	12 342	12 342

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction

Fair value measurement methods

Measurement methods for financial assets and liabilities accounted for at amortised cost are described below

The carrying amount of trade and other receivables, cash and cash equivalents, and trade and other payables is considered a reasonable approximation of fair value

Borrowings fair value has been estimated at amortised cost

Notes *(continued)*

20. Financial assets and liabilities *(continued)*

Financial assets

	Loans and receivables	
	2011	2010
	£000	£000
Trade and other receivables	**18,165**	9,535
Cash and cash equivalents	**1,934**	691
	20,099	10,226

The Company's financial assets are all current and are classified as loans and receivables under IAS 39 and are held at amortised cost

Financial liabilities

	Other financial liabilities	
	2011	2010
	£000	£000
Borrowings	**5,136**	-
Trade and other payables	**16, 484**	12,342
	21,620	12,342

The Company's financial liabilities are all current and are classified as other financial liabilities under IAS 39 and are held at amortised cost

21. Operating leases

Non-cancellable operating lease rentals are payable as follows

	2011	2010
	£000	£000
Expiring between one and five years	**178**	504

The Company's principal operating leases are for vehicles

During the year £244,000 *(2010 £145,000)* was recognised as an expense in the statement of comprehensive income in respect of operating leases

22. Capital commitments

At 31 December 2011 t here were no capital commitments that required disclosure in the Company's financial statements *(2010 £nil)*

23. Contingent assets and liabilities

At 31 December 2011 there were no contingent assets or liabilities that required disclosure in the Company's financial statements *(2010 £nil)*

Notes *(continued)*

24. Related parties

Parent companies

In the year the Company purchased pharmaceutical products of £28,588,000 *(2010 £23,410,000)* and incurred expenses of £52,000 *(2010 £3,000)* from parent companies

Interest of £4,000 *(2010 £1,000)* was charged on loans to parent companies in the year and interest of £25,000 *(2010 £47,000)* was charged on loans from parent companies

At the year end the following current amounts were due from/(to) parent companies

	2011 £000	2010 £000
Amounts due from parent companies		
Loans	-	1,425
Interest	-	1
	-	1,426
Amounts due to parent companies		
Borrowings	**(5,136)**	-
Trade balances	**(7,070)**	(4,826)
Interest	**(11)**	-
	(12,217)	(4,826)

Other group companies

During the year the Company provided management and development services of £268,000 *(2010 £214,000)* to other group companies and incurred other expenses of £1,648,000 *(2009 £1,476,000)* from other group companies

In the year interest of £71,000 *(2010 £30,000)* was charged on loans to other group companies The Company purchased tax losses of £nil *(2010 £3,629,000)* from other group companies during the year

At the year end the following current amounts were due from/(to) other group companies

	2011 £000	2010 £000
Amounts due from other group companies		
Loans	**10,191**	1,731
Interest	-	7
	10,191	1,738
Amounts due to other group companies		
Trade balances	**(3,671)**	(4,635)

All trading transactions with related parties are on commercial terms and at arms length value

Details of the compensation of key management personnel is detailed in note 7

Notes *(continued)*

25. Accounting estimates and judgements

The preparation of Financial Statements in conformity with IFRSs requires the use of certain critical accounting estimates It also requires management to exercise its judgement in the process of applying the Company's accounting policies The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below

All accounting estimates used in preparing the financial statements are consistent with internal budgets and forecasts Judgements are based on information available at each statement of financial position date Although these estimates are based on the best information available to management, actual results may ultimately differ from the estimates

Revenue

Revenue from the sales of goods is reduced by estimates for future rebates These reductions are dependant upon the submission of claims that may be some time after the initial recognition of the sale Accruals are made at the time of sale for the estimated rebate based on available information and management judgement, and are reviewed regularly

Taxation

The Company estimates tax liabilities for undetermined years Any differences arising between the final tax liability and the amounts recorded in the financial statements will impact on the tax charge in the year in which the determination is made

26. Principal risks and uncertainties

The Company carries on business in a changing environment which poses risks for the Company that are outside its control The key risks and uncertainties affecting the Company relate to its products and financial position The directors review and agree policies for managing all such risks, which are summarised below These policies have remained unchanged in the current and prior financial years

Product risk

The Company markets a range of pharmaceutical products These are all supplied by group companies and so the risk of potential disruption to the supply chain is minimal However, should a production site become unable to produce a product for a significant year of time this could have a negative impact on the Company's business, its financial situation or its results

The Company's competitors include in particular, large pharmaceutical groups Consequently, the Company is at risk from competitors introducing more effective or less expensive products used to treat the same pathologies, or from new innovative products rendering the Company's products obsolete

The Company sells extensively to the UK National Health Service and is vulnerable to reductions in permissible pricing under the Pharmaceutical Price Regulation Scheme

27. Financial risk management objectives and policies

The Company is exposed to market risk through its use of financial instruments and specifically to currency risk and interest rate risk, which result from both its operating and investing activities The Company's risk management is coordinated at its premises, in close co-operation with the board of directors and with the Ipsen SA group to which it belongs, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets The most significant financial risks to which the Company is exposed are described below

Notes *(continued)*

27. Financial risk management objectives and policies *(continued)*

Exchange rate risk

Some of the Company's purchases are acquired from overseas suppliers and are denominated in euros Any funding of foreign currency or hedging required is dealt with by the group's treasury function, in conjunction with local management

Euro denominated financial liabilities, translated into sterling at the closing rate, are as follows

Nominal Amounts	**2011 £000**	2010 £000
Financial liabilities	**(4,157)**	(2,714)

The following tables illustrate the sensitivity of the net result for the year and equity with regard to the Company's financial assets and liabilities, the euro to UK sterling exchange rate

The tables assume a +/-2% *(2010 6%)* change of the sterling/euro exchange rate for the year ended at 31 December 2011 based on the average market volatility in exchange rates in the previous twelve months The sensitivity analysis is based on the Company's foreign currency financial instruments held at each statement of financial position date

If sterling had strengthened against the euro by 2% *(2010 6%)* respectively, this would have had the following impact

	2011 £000	2010 £000
Net result for the year and impact on equity	**79**	156

If sterling had weakened against the euro by 2% *(2010 6%)* respectively, this would have had the following impact

	2011 £000	2010 £000
Net result for the year and impact on equity	**(82)**	(176)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions Nonetheless, the analysis above is considered to be representative of the Company's exposure to currency risk

Interest rate risk

The Company is part of a group pooling arrangement with other group companies whereby excess funds are lent to or deficits borrowed from other group companies Rates of interest are set with reference to the market rates ruling in the lender's country At 31 December 2011, the Company is exposed to changes in market interest rates through its lending to group companies, which are subject to the variable interest rates as detailed in notes 13 and 15

Notes *(continued)*

27. Financial risk management objectives and policies *(continued)*

***Interest rate risk** (continued)*

The following table illustrates the sensitivity of the net result for the year and equity to a reasonably possible change in interest rates of +/-17% *(2010 +/-13%)*, with effect from the beginning of the year These changes are considered to be reasonably possible based on observation of current market conditions The calculations are based on the Company's financial instruments held at each statement of financial position date All other variables are held constant

	2011		2010	
	+17%	**-17%**	+13%	-13%
	£000	**£000**	£000	£000
Net result for the year and impact on equity	**18**	**(18)**	16	(16)

Credit risk analysis

The Company's exposure to credit risk is limited to the carrying amount of financial assets recognised at the statement of financial position date, as detailed in note 20 The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls The Company's management considers that the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due See note 14 for further information on impairment or financial assets that are past due

None of the Company's financial assets are secured by collateral or other credit enhancements

In respect of trade and other receivables, the Company is not exposed to any significant credit risk with any single counterparty or any group of counterparties having similar characteristics The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings

Liquidity risk analysis

The Company manages its liquidity needs by carefully monitoring payments for long-term financial liabilities as well as cash outflows due in day-to-day business Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection The Company works in conjunction with the group treasury department to maintain its cash to meet its liquidity requirements

28. Capital management policies and procedures

The Company's capital management objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk

The Company monitors capital on the basis of the carrying amount of equity Capital for the reporting years under review is summarised as follows

Notes *(continued)*

28. Capital management policies and procedures *(continued)*

The Company's goal in capital management is to maintain a debt to equity ratio of less than 2 1 The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt

	2011	2010
	£000	£000
Total equity	**1,000**	1,000
Loans	**(10,191)**	(3,157)
Borrowings	**5,136**	-
Net total debt	**(5,055)**	(3,157)
Debt to equity ratio	**(5.1)**	(3 2)

29. Ultimate parent company and parent company of larger group

The Company's ultimate parent company is Mayroy SA, which is incorporated in Luxembourg Mayroy SA heads the largest group in which the results of the Company are consolidated The smallest group in which the results of the Company are consolidated is that headed by Ipsen SA, which is incorporated in France The consolidated financial statements of Ipsen SA are available to the public and may be obtained from 65 quai Georges Gorse, 92100 Boulogne-Billancourt, France