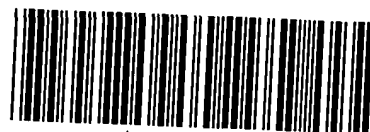


Orion Pharma (UK) Limited

**Annual Report and Financial Statements for the year ended
31 December 2017**

Registered Number 02281057

TUESDAY



A24 *A7ERVOZD*
18/09/2018 #168
COMPANIES HOUSE

Orion Pharma (UK) Limited

Registered Number 2281057

Contents

Page 1	Company information
Page 2–3	Strategic report
Page 4–6	Directors' report
Page 7–9	Independent auditors' report
Page 10	Statement of income and retained earnings
Page 11	Balance sheet
Page 12-22	Notes to the financial statements

Orion Pharma (UK) Limited

Registered Number 2281057

Directors and advisers

Directors

J Karlson

S Ahomäki

O Huotari

C Nordstedt (Appointed 26th September 2017)

Company Secretary

Halco Secretaries Ltd

Independent Auditors

PricewaterhouseCoopers LLP

3 Forbury Place

23 Forbury Road

Reading

Berkshire

RG1 3JH

Bankers

Danske Bank A/S

London Branch

75 King William Street

London

EC4N 7DT

Solicitors

Charles Russell

8-10 New Fetter Lane

London

EC4A 1RS

Registered Office

5 Fleet Place

London

EC4M 7RD

Orion Pharma (UK) Limited

Strategic Report for the year ended 31 December 2017

Strategic Report

The directors present their strategic report on the company for the year ended 31 December 2017.

Review of the business

The company is a wholly owned subsidiary of Orion Corporation and operates as part of the group's Western Europe region. The company's principal activities remain the marketing and distributing of branded and generic pharmaceutical products.

As shown in the company's statement of income and retained earnings on page 10, the company's turnover has decreased by 0.9% (2016: decreased 10.5%) over the prior year and profit for the financial year has decreased from £1,160,359 to £722,051 (2016: increased from £1,144,193 to £1,160,359).

The decrease in profits remains primarily due to the continued decline of Stalevo, Comtess and Kentera sales. Stalevo and Comtess sales decline is due to the expiry of the patents. All of these falls in sales were fully anticipated.

Continued focus will be given to increase the sales of our newer proprietary drugs, intensive care sedative Dexdor (up 21.8% from 2016 to 2017) and the EasyHaler product family (up 7.0% from 2016 to 2017).

The balance sheet on page 11 of the financial statements shows that the company's financial position at the year-end has remained strong compared to the prior year.

Principal risks and uncertainties

Competitive pressure in the UK continues to be an ongoing risk, with the possibility of losing sales to parallel traders and key competitors. The company actively manages this risk by addressing parallel import competition through structured schemes.

In the UK, drug safety is of paramount concern and the company complies with all the statutory and regulatory requirements. The company is a member of the Association of the British Pharmaceutical Industry and it complies with guidance in its actions.

Key performance indicators (KPIs)

The directors of Orion Corporation manage the group's operations for all of its subsidiaries. For this reason, the company directors believe that analysis using key performance indicators for the subsidiary company Orion Pharma (UK) Limited is not necessary or appropriate for an understanding of the development, performance or position of the business of the company.

Orion Pharma (UK) Limited

Strategic Report for the year ended 31 December 2017 (continued)

The development, performance and position of Orion Corporation, which includes Orion Pharma (UK) Limited, are discussed in Report by Board of Directors for financial year 2017 on pages 4-22 of the group's annual report, which does not form part of this report.

On behalf of the board



J Karlson
Director

Date 13 September 2018

Orion Pharma (UK) Limited

Directors' Report for the year ended 31 December 2017

Directors' Report

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

Future developments

As indicated in the strategic report the company expects continued pressure and some decline in sales and profitability as sales of its neurology drugs Comtess and Stalevo decline but the company's other key products such as Dexdor and Easyhaler range are expected to grow in 2018.

The main contributors towards the company's key product growth are increases in market demand for the Easyhaler asthma and COPD product range and intensive care unit product, Dexdor, together with relatively stable parallel import levels, and reasonable planned investment in sales and marketing.

It is also expected that sales of the other older product ranges by the company in 2018 will be maintained at a similar level or higher than that of 2017.

Dividends

The directors do not recommend the payment of a dividend (2016: nil).

Financial Instruments

The company has no foreign currency risk with third party or group companies as all invoicing is in Sterling. The company has no third party debt and therefore has no interest rate exposure. There is a risk of financial loss to the company arising from the failure of customers to meet their financial obligations for the products supplied by the company. The company manages this risk through effective credit control procedures that minimise exposure to such losses.

Research and development

The company continues to invest in research and development on behalf of the group as disclosed in note 5 on page 16. The directors regard investment in research and development as necessary for continuing success in the medium to long term future.

Qualifying third-party indemnity provisions

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision remains in force during the financial year and as at the date of approving the directors' report.

Post-Balance sheet event

On 26 March 2018 Orion Diagnostica OY, another Orion company, acquired Geneform Technologies Limited, a subsidiary company, and related receivables for £7,500,000. Settlement for the consideration was made in cash for 100% of the share capital.

Orion Pharma (UK) Limited

Directors' Report for the year ended 31 December 2017 (continued)

Directors

The directors who served the company during the year and to the date of signing the financial statements were as follows:

J Karlson
S Ahomäki
O Huotari
R Salonen (resigned 17 July 2018)
C Nordstedt (Appointed 26 September 2017)

Statement of directors' responsibilities in respect of the financial statements

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, 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.

Statement of disclosure to auditors

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Orion Pharma (UK) Limited

Directors' Report for the year ended 31 December 2017 (continued)

Independent auditors

Ultimate parent company Orion Corporation has made the decision to change the group auditor for the next financial year, and consequently PricewaterhouseCoopers LLP will cease to act as auditors to Orion Pharma (UK) Limited. A new auditor will be appointed for the next financial year.

On behalf of the Board



J Karlson
Director

Date 13 September 2018

Orion Pharma (UK) Limited

Independent auditors' report to the members of Orion Pharma (UK) Limited (continued)

Reporting on other Information (continued)

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.

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 2017 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 of the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 5, 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.

Orion Pharma (UK) Limited

Independent auditors' report to the members of Orion Pharma (UK) Limited

Report on the audit of the financial statements

Our opinion

In our opinion, Orion Pharma (UK) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable to the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2017; the Statement of income and retained earnings for the year then ended; and the notes to the financial statements, which include a description of 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.

Orion Pharma (UK) Limited

Independent auditors' report to the members of Orion Pharma (UK) Limited (continued)

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.



Fiona Hornsby (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading
13 September 2018

Orion Pharma (UK) Limited
Financial statements for the year ended 31 December 2017

Statement of income and retained earnings

		Year ended 31 December	
	Note	2017 £	2016 £
Turnover	4	19,194,297	19,369,961
Cost of sales		(12,775,749)	(13,082,953)
Gross profit		6,418,548	6,287,008
Distribution costs		(4,953,602)	(4,311,759)
Administrative expenses		(3,607,736)	(3,621,485)
Other operating income	5	3,007,483	2,994,905
Operating profit	6	864,693	1,348,669
Interest receivable and similar income	8	46,135	132,387
Profit before taxation		910,828	1,481,056
Tax on profit	9	(188,777)	(320,697)
Profit and total comprehensive income for the financial year		722,051	1,160,359
Retained earnings at the beginning of the reporting year		9,305,680	8,145,321
Retained earnings at the end of the reporting year		10,027,731	9,305,680

Orion Pharma (UK) Limited

Financial statements for the year ended 31 December 2017

Balance Sheet

As at 31
December

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	10	21,440	27,229
Investments	11	7,101,856	7,101,856
		7,123,296	7,129,085
Current assets			
Debtors	12	5,425,680	5,183,209
Cash at bank and in hand		21,679,465	21,786,219
		27,105,145	26,969,428
Creditors: amounts falling due within one year	13	(2,700,710)	(3,292,833)
Net current assets		24,404,435	23,676,595
Total assets less current liabilities		31,527,731	30,805,680
Net assets		31,527,731	30,805,680
Capital and reserves			
Called up share capital	15	20,500,000	20,500,000
Capital contribution reserve	16	1,000,000	1,000,000
Retained earnings		10,027,731	9,305,680
Total equity		31,527,731	30,805,680

The notes on pages 12 to 22 are an integral part of these financial statements.

The financial statements on pages 10 to 22 were authorised for issue by the board of directors on 13 September 2018 and signed on its behalf by:


J Karlson
Director

Registered number 02281057

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

1 General information

The company is a private company limited by shares and wholly owned subsidiary of Orion Corporation and operates as part of the group's Western Europe region. The company's principal activities remain, marketing and distributing of branded and generic pharmaceutical products.

The company is incorporated and domiciled in the UK. The address of its registered office is 5 Fleet Place, London, England, EC4M 7RD. The principal place of business is Oaklea Court, 22 Park Street, Newbury, Berkshire, RG14 1EA.

2 Summary of significant accounting policies

Basis of preparation

The individual financial statements of Orion Pharma (UK) Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

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

The financial statements have been prepared on the going concern basis under the historical cost convention.

The preparation of financial statements in conformity with FRS102 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 degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

a) Exemptions for qualifying entities under FRS 102

FRS102 allows a qualifying entity certain disclosure exemptions. The company has taken advantage of the following exemptions on the basis that it is a qualifying entity and its ultimate parent company Orion Corporation includes the relevant information in its own consolidated financial statements:

- i) the requirement to prepare a statement of cash flows;
- ii) non-disclosure of key management personnel compensation in notes;
- iii) a reconciliation of the number of shares outstanding at the beginning and end of the period;
- iv) certain financial instruments disclosure providing equivalent disclosures are included in the consolidated financial statements of the group in which the company is consolidated.

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

2 Summary of significant accounting policies (continued)

b) Consolidated financial statements

The company is a wholly owned subsidiary of Orion Corporation. It is included in the consolidated financial statements of Orion Corporation which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

c) Fixed asset investments

Fixed asset investments are shown at cost less any provision for impairment. An annual review of the carrying value of investments is performed to assess for indicators of impairment. If an indicator of impairment is identified a discounted cash flow analysis is performed to test for impairment.

d) Tangible assets

Tangible assets are stated at historic purchase cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Tangible assets are subject to a review for potential impairment in accordance with FRS 102 Section 27 'Impairment of Assets'. This occurs when events or changes in circumstances indicate the carrying value may not be recoverable.

Depreciation

Depreciation is provided on all tangible assets, at rates calculated to write-off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold improvements	- over 10 years or to the end of the lease period whichever is shorter
Computer equipment	- over 3 years
Office furniture and equipment	- over 5 years to 8 years

e) Taxation

The tax expense or credit for the period represents the sum of the tax currently payable or receivable and deferred tax. Current tax is recognised in the statement of income and retained earnings, provided at amounts expected to be paid (or recovered) calculated using the rates of tax and laws that have been enacted or substantively enacted at the balance sheet date.

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less, or to receive more tax with the following exception:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a non-discounted basis at the average tax rates that are expected to apply in the period in which timing differences reverse, based on the tax rates and laws enacted or substantively enacted at the balance sheet date.

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

2 Summary of significant accounting policies (continued)

f) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income and retained earnings. The Company's functional and presentation currency is the pound sterling.

g) Turnover

Turnover, which is stated net of discounts, rebates and value added tax, represents the invoiced value of goods or services supplied. Product sales are recognised on delivery of the goods to the customers.

h) Other operating income

Other operating incomes represent the invoiced value of services supplied by the company, receivable from group undertakings. Also other operating income includes receipts under the UK Research and Development Expenditure Credit ("RDEC") scheme, as they are similar in nature to other operating income. In accordance with the current legislation, company may reimburse eligible research and development expenditures.

ensions

The company operates a defined contribution pension scheme. The assets and liabilities of the scheme are held in independently administered funds. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

j) Operating leases

Leases where substantially all of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals payable under operating leases are charged in the statement of income and retained earnings on a straight line basis over the lease term.

k) Research and development

All research and development costs are expensed in the period in which they are incurred and recharged to Orion Corporation.

l) Financial Instruments

The company has chosen to adopt the sections 11 and 12 of FRS102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including debtors and cash and bank balances, are initially recognised at transaction price. Such assets are subsequently carried at the amortised cost using the effective interest method.

(i) Financial liabilities

Basic financial liabilities, including creditors are initially recognised at transaction price. Debt instruments are subsequently carried at the amortised cost using the effective interest method.

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

2 Summary of significant accounting policies (continued)

m) Cash at bank and in hand

Cash at bank and in hand includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

o) Impairment of non-financial assets

At each balance sheet date non-financial assets are not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation.

Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the statement of comprehensive income.

p) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

3 Critical accounting estimates and judgements

The preparation of the financial statements in conformity with generally accepted accounting principles requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results in the future could differ from those estimated.

The estimates and assumptions that have a risk of material adjustment to the carrying value of assets and liabilities within the next financial year are shown below:

Investments impairment

Each year the company carries out impairment test of its shares in group undertaking Geneform Technologies Limited which require estimates to be made of the value in use of the subsidiary. These value in use calculations are dependent on estimates of future cash flows, long-term growth rates an appropriate discount rates to be applied to future cash flows of the entity.

4 Turnover

Turnover is attributable to one class of continuing business, which is the sale of ethical and generic pharmaceutical products. All turnover is derived in the UK.

5 Other operating income

	2017	2016
	£	£
Amounts recharged to the parent company for research and development	2,256,147	2,164,184
Other recharges to the parent company	639,496	705,868
Research and development credit	111,840	124,853
	3,007,483	2,994,905

6 Operating profit

Operating profit is stated after charging:

	2017	2016
	£	£
Wages and salaries	3,137,527	3,105,381
Social security costs	463,730	457,128
Other pension costs	392,050	276,771
Staff costs	3,993,307	3,839,280
Audit fees payable to the company's auditor	17,500	16,750
Assurance services fees payable to the company's auditor	5,500	6,520
Depreciation (see note 10)	7,139	5,318
Operating lease rentals	328,190	328,566
Foreign exchange rate loss	17	-
R & D expenditure	2,256,147	2,164,184
Inventory recognised as expenses	12,775,749	13,082,953

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

7 Employees and directors

Employees

The average monthly number of employees (excluding directors) during the year was as follows:

	2017	2016
	Number	Number
Sales and marketing	20	17
Research and development	16	16
Administration	12	11
Total	48	44

Directors

No emoluments were received by the directors in 2017 (2016: nil) in respect of their services as directors of the company. The directors of the company are also directors and officers of other companies within the Orion Corporation group. The directors' services to this company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ended 31 December 2017 and 31 December 2016.

The number of directors who are eligible to receive retirement benefits under the Company Personal Pension Scheme at 31 December 2017 was nil (2016: nil).

8 Interest receivable and similar income

	2017	2016
	£	£
Interest receivable on cash deposits	45,675	17,151
Interest receivable from group undertakings	-	115,088
Other interest receivable	460	148
	46,135	132,387

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

9 Tax on profit

(a) Analysis of tax charge in the year:

	2017 £	2016 £
Current tax		
UK corporation tax on profits for the year	209,895	315,044
Adjustments in respect of prior years	(18,809)	4,658
Total current tax charge	191,086	319,702
Deferred tax		
Origination and reversal of timing differences	(2,309)	(150)
Changes in tax rates or laws	-	1,145
Tax charge on profit	188,777	320,697

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK

(b) Factors affecting the tax charge for the year:

	2017 £	2016 £
Profit before taxation	910,828	1,481,056
Profit multiplied by the standard rate of corporation tax in the UK of 19.25% (2016: 20.00%)	175,334	296,211
Effects of:		
Fixed asset differences	271	218
Expenses not deductible for tax purposes	31,708	18,439
Adjustments in respect of prior years	(18,809)	4,658
Tax rate adjustments	273	1,171
Total tax charge	188,777	320,697

(c) Deferred tax

The movement in the deferred asset during the year was as follows:

	2017 £	2016 £
At 1 January	(6,633)	(7,628)
Charge to the profit and loss account	(2,309)	995
At 31 December	(8,942)	(6,633)

The recognised and potential (unrecognised) deferred tax assets are as follows:

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

9 Tax on profit (continued)

	Recognised		Unrecognised	
	2017	2016	2017	2016
	£	£	£	£
Depreciation in advance of capital allowances	2,273	2,670	-	-
Other short-term timing differences	6,669	3,963	-	-
Deferred tax asset	8,942	6,633	-	-

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main tax rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

10 Tangible assets

	Leasehold improvements	Office furniture and equipment	Computer equipment	Total
	£	£	£	£
Cost				
At 1 January 2017	484,217	354,586	83,008	921,811
Additions	-	1,350	-	1,350
At 31 December 2017	484,217	355,936	83,008	923,161
Accumulated depreciation				
At 1 January 2017	478,304	333,270	83,008	894,582
Charged during the year	832	6,307	-	7,139
At 31 December 2017	479,136	339,577	83,008	901,721
Net book value				
At 31 December 2017	5,081	16,359	-	21,440
At 31 December 2016	5,913	21,316	-	27,229

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

11 Investments

	2017	2016
	£	£
Shares in group undertakings	7,101,856	7,101,856

Geneform Technologies Limited, incorporated in the UK, was acquired from Orion Diagnostica Oy on 31 March 2014, settlement for the consideration was made in cash for 100% of the share capital. The principal activity of Geneform Technologies Limited is the development of diagnostic testing products for which a number of patents are held.

The registered address of the company is 5 Fleet Place, London, England, EC4M 7RD.

The directors consider the value of the investments to be supported by their underlying assets based on sales and profit forecasts.

On 26 March 2018 Orion Diagnostica OY acquired Geneform Technologies Limited and related receivables for £7,500,000. Settlement for the consideration was made in cash for 100% of the share capital.

12 Debtors

	2017	2016
	£	£
Trade debtors	4,027,786	4,061,164
Amounts owed by group undertakings	923,315	768,952
Other debtors	6,200	7,235
Current tax asset	236,693	124,853
Deferred tax (note 9)	8,942	6,633
Prepayments and accrued income	222,744	214,372
At 31 December	5,425,680	5,183,209

Amounts owed by group undertakings are unsecured, repayable on demand and interest free.

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

13 Creditors: amounts falling due within one year

	2017	2016
	£	£
Trade creditors	171,181	83,596
Amounts owed to group undertakings	1,366,019	1,406,409
Corporation tax	104,349	128,727
Other taxation and social security costs	247,810	313,598
Accruals and deferred income	811,351	1,360,503
At 31 December	2,700,710	3,292,833

Amounts owed to group undertakings are unsecured, interest free, and repayable on demand.

14 Post-employment benefits

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. There are no prepaid or outstanding contributions outstanding at the year end.

The amount recognised as an expense for the defined contribution scheme was:

	2017	2016
	£	£
Current year contributions	392,050	276,771

15 Called up share capital

	2017	2017
Allotted and fully paid ordinary shares of £1 each	No	£'000
At 1 January	20,500,000	20,500
Issued during the year	-	-
At 31 December	20,500,000	20,500

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

16 Capital contribution reserve

A £1,000,000 capital contribution was made by way of a gift to the company by its parent company, Orion Corporation, on 8 December 1997.

Orion Pharma (UK) Limited

Notes to the financial statements for the year ended 31 December 2017

17 Capital and other commitments

At 31 December, the company had no capital commitments.

At 31 December the company had the following future minimum lease payments under non-cancellable operating leases for each of the following periods:

	2017	2016
	£	£
Payments due		
Not later than one year	316,282	299,129
Later than one year and not later than five years	821,624	820,006
Later than five years	390,938	564,688
At 31 December	1,528,844	1,683,823

18 Related party transactions

The immediate and ultimate controlling party is identified as Orion Corporation (note 19). As a wholly owned subsidiary undertaking of a parent undertaking whose financial statements are publicly available, the company has taken advantage of the exemption under FRS102 section 33, Related Party Disclosures, and has not disclosed transactions with its parent or fellow subsidiary undertakings, as well as key management compensation. There were no other transactions with related parties which require disclosure.

19 Parent undertaking and controlling party

The company's immediate and ultimate parent undertaking and controlling party is Orion Corporation, a company incorporated in Finland. The consolidated financial statements of Orion Corporation, the parent of the smallest and largest group of which Orion Pharma (UK) Limited is a member and which prepares consolidated financial statements, are available to the public and may be obtained from Orion Corporation, Central Administration, Corporate Communications, PO Box 65, 02101 Espoo, Finland.

20 Post-balance sheet event

On 26 March 2018 Orion Diagnostica OY, another group company, acquired Geneform Technologies Limited a subsidiary company, and related receivables for £7,500,000. Settlement for the consideration was made in cash for 100% of the share capital.