

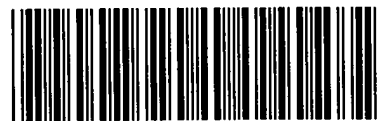
Company Registration No.4217656

Summit Pharmaceuticals Europe Limited

Report and Financial Statements

31 March 2015

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Summit Pharmaceuticals Europe Limited

Report and financial statements 2015

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Summit Pharmaceuticals Europe Limited

Strategic report

The directors present the strategic report for the year ended 31 March 2015.

Principal activities

The company trades in pharmaceutical products, selling to the United Kingdom, European and other markets. The company is based in London and has branches in Milan and Madrid.

Business review

There have not been any significant changes in the company's principal activities in the year under review.

For the year ended 31 March 2015, the company made a profit after tax of €178,000 (2014: €616,000). Turnover decreased to €4,409,000 (2014: €4,684,000) and Operating Profit decreased to €363,000 (2014: €789,000) due to a reduction in business activity.

The balance sheet shows net assets of €3,316,000 (2014: €3,730,000). Net current assets have decreased to €3,656,000 (2014: €3,993,000) in the current year. For detailed breakdowns of current assets and liabilities please see notes 12-18.

Sumitomo Corporation manages its operations in Europe on a regional basis. For this reason, the company's directors believe that key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the European division of Sumitomo Corporation, which includes this company, is discussed in the global group's Annual Report which does not form part of this report.

On 1 May 2015 the company entered into an agreement with Kyowa Hakko Europe GmbH to purchase the inventory of its cosmetics business and to transfer its associated personnel into the company. The business is centred in Germany and the company has opened a new branch in Dusseldorf to facilitate this operation.

Principal risks and uncertainties

Competitive pressures in the European operating environment provide a continuing risk to the company, which could result in loss of business to its competitors. The key factor for the company in managing this risk is to maintain and enhance the close relationships with its customers and suppliers.

Foreign exchange risk

The company operates in a multi-currency environment and is therefore exposed to currency risks arising from the movement between its principal trading currencies of US Dollar, GBP and Japanese Yen and its reporting currency Euro. The company manages these risks by entering into forward exchange contracts through its parent company, Sumitomo Corporation Europe Limited.

Liquidity and Cash risk

To manage cash and liquidity the company operates a central pooling of bank balances of all of its branches across Europe to the Head Office. Cash and liquidity is managed in conjunction with its fellow group company, Sumitomo Corporation Europe Limited, based in London, England.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables.

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.


The company places a high importance on risk management and in ensuring that the company's customers and vendors have a sound financial base. The current economic problems in the financial and commodity markets have not led to an increase in the bad debts incurred by the company.

Summit Pharmaceuticals Europe Limited

Strategic report

Price risk

The company monitors changes in commodity prices on a continual basis to ensure that the company maintains control over its gross trading profit and inventory value.



K Tamefusa
Director
19 June 2015

Vintners' Place
68 Upper Thames Street
London EC4V 3BJ

Summit Pharmaceuticals Europe Limited

Directors' report

The directors present the Directors' report for the year ended 31 March 2015.

Financial instruments

The company does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

The company is a party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the company's principal markets.

Employees

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

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular meetings and newsletters. Employees are consulted regularly on a wide range of matters affecting their interests.

The company is committed to giving full and fair consideration to applications for employment from people with disabilities and to continuing the employment of staff who become disabled and arranging appropriate training to achieve this.

Dividends

The company paid a dividend in the year of €592,000 / €0.37 per share (2014: € 1,019,000 / €0.64) in respect of profits achieved up to and including the year ended 31 March 2015.

Directors

The directors who held office during the year and up to the date of signing were as follows:

K Akiyama (Resigned 18 September 2014)
M Higashikawa (Appointed 18 September 2014)
T Horimoto
K Nakamura
Y Okura
K Tamefusa
Y Terawaki

Directors' indemnities

The company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the U.K. Companies Act 2006. Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report.

Political contributions

The Company made no political donations during the year (2014: nil).

Summit Pharmaceuticals Europe Limited

Directors' report


Disclosure of information to auditor

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

Auditor

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

By order of the board



K Tamefusa
Director
19 June 2015

Vintners' Place
68 Upper Thames Street
London EC4V 3BJ

Summit Pharmaceuticals Europe Limited

Statement of directors' responsibilities in respect of the Strategic report, the 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 101 *Reduced Disclosure Framework*.

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

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

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

Independent auditor's report to the members of Summit Pharmaceuticals Europe Limited

We have audited the financial statements of Summit Pharmaceuticals Europe Limited for the year ended 31 March 2015 set out on pages 7 to 25. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

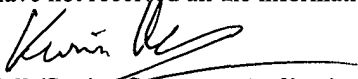
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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


Kevin Hall (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom

19 June 2015

Summit Pharmaceuticals Europe Limited

Profit and loss account and Other Comprehensive Income for the Year ended 31 March 2015

	Notes	2015 €'000	2014 €'000
Turnover	2	4,409	4,684
Administrative expenses		(4,046)	(3,895)
Operating profit		<u>363</u>	<u>789</u>
Interest receivable and similar income	6	3	1
Interest payable and similar charges	7	(5)	(4)
Profit on ordinary activities before taxation		<u>361</u>	<u>786</u>
Tax on profit on ordinary activities	8	(183)	(170)
Profit for the financial year		<u>178</u>	<u>616</u>
Other Comprehensive income for the year		-	-
Total comprehensive income for the year		<u><u>178</u></u>	<u><u>616</u></u>

The results are derived entirely from continuing operations.

The company also undertakes transactions which in substance are agency and not principal. The value of these transactions amounted to €32,449,000 (2014: €33,362,000) gross turnover. The net value of these transactions is included as Turnover above.

Summit Pharmaceuticals Europe Limited

Statement of changes in equity 31 March 2015

	Called up share capital	Profit & loss	Total
Balance brought forward 1 April 2013	2,399	1,734	4,133
Profit retained for year	-	616	616
Dividend paid	-	(1,019)	(1,019)
	<hr/>	<hr/>	<hr/>
Balance carried forward 31 March 2014	2,399	1,331	3,730
	<hr/>	<hr/>	<hr/>
Balance brought forward 1 April 2014	2,399	1,331	3,730
Profit retained for year	-	178	178
Dividend paid	-	(592)	(592)
	<hr/>	<hr/>	<hr/>
Balance carried forward 31 March 2015	2,399	917	3,316
	<hr/>	<hr/>	<hr/>

Summit Pharmaceuticals Europe Limited

Balance sheet As at 31 March 2015

	Note	2015 €'000	Restated 2014 €'000	Restated 2013 €'000
Fixed assets				
Tangible fixed assets	9	65	86	98
Intangible assets	10	-	9	23
Investments	11	10	10	10
		<u>75</u>	<u>105</u>	<u>131</u>
Current assets				
Stocks	12	253	401	863
Debtors	13	11,383	9,899	11,108
Derivative Assets	18	55	2	5
Cash at bank and in hand		19	17	1
		<u>11,710</u>	<u>10,319</u>	<u>11,977</u>
Creditors: amounts falling due within one year				
Trade creditors	14	5,294	2,146	3,049
Amounts owed to group undertakings	14	2,119	3,543	3,479
Derivative Liabilities	18	21	-	169
Other creditors including taxation and social security	14	620	637	933
		<u>8,054</u>	<u>6,326</u>	<u>7,630</u>
Net current assets		<u>3,656</u>	<u>3,993</u>	<u>4,347</u>
Total assets less current liabilities		<u>3,731</u>	<u>4,098</u>	<u>4,478</u>
Provision for liabilities	15	(415)	(368)	(345)
Net assets		<u>3,316</u>	<u>3,730</u>	<u>4,133</u>
Capital and reserves				
Called up share capital	19	2,399	2,399	2,399
Profit and loss account		917	1,331	1,734
Shareholders' funds		<u>3,316</u>	<u>3,730</u>	<u>4,133</u>

These financial statements were approved by the Board of Directors on 19 June 2015.

Signed on behalf of the Board of Directors



K Tamefusa
Director
Company registered number 4217656

Summit Pharmaceuticals Europe Limited

Notes to the accounts *(forming part of the financial statements)*

1. Accounting policies

Summit Pharmaceuticals Europe Limited (the “Company”) is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (“FRS 101”). The amendments to FRS 101 (2013/14 Cycle) issued in July 2014 and effective immediately have been applied.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU (“Adopted IFRSs”), but makes amendments where necessary in order to comply with Companies Act 2006 and has set up below where advantage of the FRS 101 disclosure exemptions has been taken.

In these financial statements, the company has adopted early FRS 101 and for the first time.

In the transition to FRS 101, the company has applied IFRS 1 whilst ensuring that its assets and liabilities are measured in compliance with FRS 101. An explanation of how the transition to FRS 101 has affected the reported financial position, financial performance and cash flows of the company is provided in note 20.

The Company’s ultimate parent undertaking, Sumitomo Corporation, includes the Company in its consolidated financial statements. The consolidated financial statements of Sumitomo Corporation are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from 8-11 Harumi, 1-chome, Chuo-ku, Tokyo, Japan.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- a Cash Flow Statement and related notes;
- Comparative period reconciliations for share capital, tangible fixed assets and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs;
- Disclosures in respect of the compensation of Key Management Personnel.

As the consolidated financial statements of Sumitomo Corporation include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- IFRS 2 Share Based Payments in respect of group settled share based payments;
- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Disclosures required by IFRS 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the cash flows of discontinued operations;
- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of trading portfolio or derivatives.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements and in preparing an opening FRS 101 balance sheet at 1 April 2013 for the purposes of the transition to FRS 101.

Summit Pharmaceuticals Europe Limited

Notes to the accounts

(forming part of the financial statements)

1. Accounting policies (continued)

Going concern

The company manages its cash position in conjunction with its ultimate parent company, Sumitomo Corporation, based in Tokyo, Japan, and has access to group finance via bank facilities and the Medium Term Note and Euro Commercial Paper programs operated by a wholly owned subsidiary entity of the Group. All these facilities or programs fall due for renewal or update within the next twelve months but the directors consider that the financial strength and stability of the overall Sumitomo Corporation group means sufficient funding will be available to enable the company to meet its liabilities for the foreseeable future

Measurement convention

The financial statements are prepared on the historical cost and going concern basis except for the following:

- derivative financial instruments are measured at fair value
- financial instruments at fair value through profit and loss are measured at fair value

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

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:

Plant and machinery	Over a period between 3 and 10 years
Fixtures and fittings	Over a period between 3 and 10 years

Stocks

Stocks are stated at cost less any provision required to reduce carrying amount to net realisable value. Cost represents invoiced price together with, as appropriate, directly related overheads.

Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Turnover represents the gross sales value achieved by the company when acting as a principal together with commissions and service fees receivable. The factors which determine whether a transaction is recorded as gross or net include who carries the risk of inventory or credit risk; who fixes the contract price and product specification; whether there is payment of fixed commission to the company. The gross contract values where the company does not act as a principal are excluded from turnover and cost of sales to reflect the substance of these transactions.

Sales of goods are recognised when goods are delivered and title has passed.

Summit Pharmaceuticals Europe Limited

Notes to the accounts *(forming part of the financial statements)*

1. Accounting policies (continued)

Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Temporary differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted. Deferred tax assets and liabilities are not discounted.

Financial Instruments

Financial assets and financial liabilities are recognised in the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables, including balances held with group companies, are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit and loss account when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. All transactions are recognised on their transaction date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank balances and cash comprise time deposits with an original term of three months or less and interest is calculated by reference to Libor. The carrying amounts represent their fair value. As such no disclosure of fair value is required. All transactions are recognised on their transaction date.

Financial liabilities and equity

Following the adoption of IAS 32, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) 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.

Summit Pharmaceuticals Europe Limited

Notes to the accounts

(forming part of the financial statements)

1. Accounting policies (continued)

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.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds (see dividends policy), are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the profit and loss account using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. All transactions are recognised on their transaction date.

Trade payables

Trade payables, including balances held with group companies, are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. All transactions are recognised on their transaction date.

Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs.

Foreign currencies

Transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The results of overseas operations with different functional currencies are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and the results of overseas operations are reported in the statement of total recognised gains and losses.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the profit and loss account for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Summit Pharmaceuticals Europe Limited

Notes to the accounts

(forming part of the financial statements)

1. Accounting policies (continued)

Derivatives

The company uses derivative financial instruments such as foreign exchange forward contracts and commodity swaps to hedge its risk associated with foreign exchange fluctuations and commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value, through the profit and loss account. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Pension costs

The company operates a group personal pension plan and contributes on a monthly basis to the individuals' personal pension plans. These contributions are charged against the profits of the year in which they become payable. For the branch in Milan, Italy, the company maintains a Trattament Fine Rapporto (TFR).

Leases

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the period of the leases.

Related parties

As a wholly-owned subsidiary of the ultimate parent, the company has taken advantage of the disclosure exemptions in FRS 101 sub-paragraphs 8 (j) and 8(k) and therefore has not disclosed details in these financial statements of transactions with companies wholly owned within the Sumitomo Corporation group.

Cash flow statement

The company has not prepared a cash flow statement as allowed by FRS 101 sub-paragraph 8(h) on the basis that the ultimate parent company produces consolidated accounts, which include a cash flow statement, into which the company's accounts are fully consolidated.

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts, value added tax and other sales related taxes. The turnover is attributable to one activity, the trading of pharmaceutical products. In the opinion of the directors, it is seriously prejudicial to the interests of the company and not meaningful to give an analysis of turnover/revenue by geographical area.

The gross value of trades where the company acts as an agent during the year is €32,449,000 (2014: €33,362,000), with associated cost of sales €28,040,000 (2014: €28,678,000).

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

3. Expenses and auditor's remuneration

	2015 €'000	2014 €'000
Included in profit/loss are the following:		
Depreciation and other amounts written off tangible and intangible fixed assets: Own assets (see note 9 and 10)	42	42
Gain (Loss) on foreign exchange translation	(92)	49
	<u> </u>	<u> </u>
Auditor's remuneration:		
Audit of these financial statements	74	94
	<u> </u>	<u> </u>

Amounts receivable by the Company's auditor and its associates in respect of services to the Company and its associates, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the consolidated financial statements of the Company's parent, Sumitomo Corporation.

4. Staff numbers and costs

	2015 €'000	2014 €'000
Employee costs during the year (including directors)		
Wages and salaries	1,780	1,746
Social security costs	364	329
Other pension costs	85	79
	<u> </u>	<u> </u>
	2,229	2,154
	<u> </u>	<u> </u>
	No.	No.
Average number of persons employed	18	18
	<u> </u>	<u> </u>

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

5. Directors' remuneration

	2015 €'000	2014 €'000
Directors' Emoluments	<u>212</u>	<u>228</u>
No pension contributions were made in respect of Directors (2014: nil).		
Remuneration of highest paid director	<u>199</u>	<u>228</u>

Directors do not have share options and did not receive awards during the year in the form of shares under long-term incentive schemes (2014: nil). Directors' pensions are borne by the ultimate parent company.

6. Interest receivable and similar income

	2015 €'000	2014 €'000
Interest receivable from group companies	<u>3</u>	<u>1</u>

7. Interest payable and similar charges

	2015 €'000	2014 €'000
Interest payable to group companies	<u>5</u>	<u>4</u>

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

8. Tax on profit on ordinary activities

(a) Recognised in the profit and loss account

	2015 €'000	2014 €'000
Current tax:		
UK corporation tax on profits of the period	10	15
Adjustments in respect of prior years	3	(2)
	<u>13</u>	<u>13</u>
Foreign tax	139	246
Adjustments in respect of prior years	31	(89)
	<u>170</u>	<u>157</u>
Tax on profit on ordinary activities	<u><u>183</u></u>	<u><u>170</u></u>

(b) Reconciliation of effective tax rate

	2015 €'000	2014 €'000
Profit for the financial year	361	786
Total tax expense	183	170
	<u><u>361</u></u>	<u><u>786</u></u>
Profit on ordinary activities before tax	361	786
Tax using the UK corporation tax rate of 21% (2014: 23%)	76	181
Effects of:		
Expenses not deductible for tax purposes	31	20
Depreciation in excess of capital allowance	-	3
Higher rates of tax on overseas earnings	42	57
Adjustments to tax charge in respect to previous periods	34	(91)
	<u>183</u>	<u>170</u>
Total tax expense	<u><u>183</u></u>	<u><u>170</u></u>

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 21% (2014: 23%).

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

8. Tax on profit on ordinary activities (continued)

(c) Factors affecting the tax charge for future periods

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) were substantively enacted on 1 April 2014. Further reductions to 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the company's future current tax charge accordingly.

9. Tangible fixed assets

	Buildings	Plant and machinery	Fixtures and fittings	Total
	€'000	€'000	€'000	€'000
Cost				
Balance at 1 April 2014 (restated)	101	79	68	248
Additions	-	12	-	12
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2015	101	91	68	260
	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation				
Balance at 1 April 2014 (restated)	60	62	40	162
Depreciation charge for the year	17	10	6	33
	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 March 2015	77	72	46	195
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 1 April 2014 (restated)	41	17	28	86
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2015	24	19	22	65
	<hr/>	<hr/>	<hr/>	<hr/>

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

10 Intangible assets

	Software	Total
	€'000	€'000
Cost		
Balance at 1 April 2014 (restated)	63	63
Balance at 31 March 2015	63	63
Accumulated depreciation		
Balance at 1 April 2014 (restated)	54	54
Depreciation charge for the year	9	9
Balance at 31 March 2015	63	63
Net book value		
At 1 April 2014 (restated)	9	9
At 31 March 2015	-	-

11. Investments held as Fixed Assets

	2015 Participating interests €'000	2014 Participating interests €'000
Net book value	10	10

The company holds one share (0.2%) in Immobiliare Golf Castel Conturbia SpA, a sports leisure company located in Agrate Conturbia, Novara, Italy.

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

12. Stocks

	2015 €'000	2014 €'000
Finished goods and goods for resale	253	401

The replacement cost of stocks held by the company at 31 March 2015 was not significantly different from the amount at which it is stated in the balance sheet.

13. Debtors

	2015 €'000	2014 €'000
Trade debtors	8,731	4,834
Amounts owed by group undertakings	2,437	4,684
Other debtors	152	170
Deferred tax (see Note 16)	-	13
Prepayments and accrued income	63	198
	<u>11,383</u>	<u>9,899</u>

The average credit period taken on sales of goods is 76 days (2014: 52 days). This is calculated using the gross value of transactions for agency sales. The gross value of trades where the company acts as an agent during the year is €32,449,000 (2014: €33,362,000).

Directors consider that the carrying amount of trade and other debtors approximates their fair value.

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

14. Trade creditors and Amounts owed to group undertakings

	2015 €'000	2014 €'000
Trade creditors	5,294	2,146
Parent company and fellow subsidiaries	2,119	3,543
Other taxation and social security costs	48	59
Other creditors	85	126
Accruals and deferred income	487	452
	<u>8,033</u>	<u>6,326</u>

Trade creditors and amounts owed to group undertakings principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 48 days (2014: 33 days). This is calculated on gross cost of sales. The gross value of cost of sales where the company acts as an agent during the year is €28,040,000 (2014: €28,678,000).

15. Provision for liabilities

	2015 €'000	2014 €'000
Employee's retirement allowance (TFR)	<u>415</u>	<u>368</u>
	€'000	€'000
Opening balance	368	345
Charge to profit and loss account	72	95
Transfer out of funds for leavers	(25)	(72)
Closing balance	<u>415</u>	<u>368</u>

Employees' retirement allowance

Under Italian law the company is required to maintain a *Trattamento Fine Rapporto* (TFR) for its employees. The cost to the company in cash terms during the year was €72,000 (2014: €67,000). The closing balance at year end is based on employees' salary and length of service with the company.

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

16. Deferred taxation

The movements in deferred taxation provided in the accounts are:

	2015 €'000	2014 €'000
Short term temporary differences	-	(13)
	<u>€'000</u>	<u>€'000</u>
Opening balance	(13)	(13)
Reclassification to corporate tax receivable	13	-
Closing balance	<u>-</u>	<u>(13)</u>

In accordance with IAS12: Income Taxes, the company provides for all deferred tax liabilities in full less available deferred tax assets. Milan branch booked no deferred tax assets and liabilities this year. Madrid and London branches had no deferred tax bookings in both years.

17. Pension costs

The company operated a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to €9,000 (2014: €7,000).

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

18. Derivative financial instruments

The company does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

The company is a party to a variety of foreign currency forward contracts and options in the management of its exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the company's principal markets.

Currency derivatives

	2015 €'000	2014 €'000
Derivative asset	55	2
Derivative liability	(21)	-
	<u> </u>	<u> </u>

At the balance sheet date, total fair value amount of outstanding forward foreign exchange contracts that the company has committed are as below.

	2015 €'000	2014 €'000
Forward foreign currency contracts	34	2
	<u> </u>	<u> </u>

The notional value of the forward foreign currency contracts is:

	Buy 000's	Sell 000's
JPY	86,481	94,071
USD	3,177	2,983

The fair value is calculated using the rates obtained from Bloomberg on the last trading day of the year.

19. Capital and reserves

	2015 €'000	2014 €'000
Allotted, called up and fully paid:		
1,614,000 ordinary shares of £1 each	2,399	2,399
	<u> </u>	<u> </u>

The value of the company's £1 shares translated at the closing rate at 31 March 2015 is €2,219,000 (2014: €1,949,000).

Summit Pharmaceuticals Europe Limited

Notes to the accounts (forming part of the financial statements)

20. Explanation of transition to FRS101 from old UK GAAP

Reconciliation of Balance sheet

	UK GAAP 01 April 2013 \$000's	Effect of transition to FRS 101 \$000's	FRS 101 01 April 2013 \$000's
Fixed assets			
Tangible fixed assets	121	(23)	98
Intangible assets	-	23	23
Investments	10	-	10
	<hr/> 131	<hr/> -	<hr/> 131
Current assets			
Stocks	863	-	863
Debtors	11,108	-	11,108
Derivative Assets	5	-	5
Cash at bank and in hand	1	-	1
	<hr/> 11,977	<hr/> -	<hr/> 11,977
Creditors: amounts falling due within one year			
Trade creditors	3,049	-	3,049
Amounts owed to group undertakings	3,479	-	3,479
Derivative Liabilities	169	-	169
Other creditors including taxation and social security	933	-	933
	<hr/> 7,630	<hr/> -	<hr/> 7,630
Net current assets	<hr/> 4,347	<hr/> -	<hr/> 4,347
Total assets less current liabilities	<hr/> 4,478	<hr/> -	<hr/> 4,478
Provision for liabilities	(345)	-	(345)
Net assets	<hr/> 4,133	<hr/> -	<hr/> 4,133
Capital and reserves			
Called up share capital	2,399	-	2,399
Profit and loss account	1,734	-	1,734
Shareholders' funds	<hr/> 4,133	<hr/> -	<hr/> 4,133

Summit Pharmaceuticals Europe Limited

Notes to the accounts *(forming part of the financial statements)*

20. Explanation of transition to FRS101 from old UK GAAP (continued)

As stated in Note 1, these are the company's first financial statements prepared in accordance with FRS 101.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2014, the comparative information presented in these financial statements for the year ended 31 March 2013 and in the preparation of an opening FRS 101 balance sheet at 1 April 2013.

In preparing its FRS 101 balance sheet, the company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP).

The adjustment made by the company in restating its UK GAAP balance sheet at 1 April 2013 is to reclassify software to intangible assets.

21. Parent company

The immediate and ultimate parent company is Sumitomo Corporation, a company incorporated in Japan.

Sumitomo Corporation heads the largest group of which the company is a member and for which group accounts are prepared. The group accounts for Sumitomo Corporation are available at 8-11 Harumi, 1-chome, Chuo-ku, Tokyo, Japan.