Registered number: 02536338

SANOFI SYNTHELABO LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

SANOFI SYNTHELABO LIMITED

COMPANY INFORMATION

Directors	F X Duhalde (appointed 1 April 2016) H Fry (appointed 1 January 2017) T Stenvall (resigned 30 September 2016) A Prosser (resigned 1 April 2016)
Registered number	02536338
Registered office	One Onslow Street Guildford Surrey GU1 4YS
Independent auditor	Ernst & Young LLP Statutory Auditor Apex Plaza Forbury Road Reading RG1 1YE

SANOFI SYNTHELABO LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

Introduction

The directors present their strategic report for Sanofi Synthelabo Limited ("the company") the year ended 31 December 2016.

Business review

The company was principally engaged in provision of toll manufacturing of solid-dose products and distribution of pharmaceutical products for fellow group companies, until manufacturing ceased in July 2015, and all product production was transferred to other facilities within the Sanofi group.

The key financial performance indicators during the year were as follows:

	2016	*2015*	*Change*
	£000	*£000*	*%*
Turnover	**-**	*15,985*	*(100%)*
Operating loss	**(220)**	*(11,850)*	*98%*
Shareholders' funds	**109,564**	*116,324*	*(6%)*

Turnover has decreased to £Nil since manufacturing ceased in July 2015 and all product production was transferred to other facilities within the Sanofi group.

Operating losses reduced on prior year as a result of the exceptional costs which were incurred in 2015 as a result of the closure of the Fawdon site, which included accelerated depreciation charges of £3,650,000 and restructuring costs of £779,000. There were no such costs in 2016.

Shareholders' funds decreased on prior year principally due to actuarial losses recognised on the defined benefit pension scheme, as detailed in note 21.

Principal risks and uncertainties

The company's operations expose it to a variety of risks that include the effects of changes in price risk, credit risk, liquidity risk, interest rate risk and foreign exchange risk. The company complies with the sanofi (the company's ultimate parent undertaking) policies and risk management program that seeks to limit the adverse effect of these risks on the company. In order to ensure stability of cash outflows and hence manage interest rate risk for the group, sanofi manages the risk of fluctuation of interest rates on behalf of all companies within the group and uses derivative financial instruments to do this.

Price risk

The company is not materially exposed to commodity price risk as a result of its operations, and therefore believes that the costs of managing these risks outweigh any potential benefit. The directors will revisit the appropriateness of this policy should the company's level of exposure materially increase in the future. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Liquidity risk

The company is financed through intercompany current and loan accounts and also has in place arrangements with sanofi to ensure the availability of sufficient funds for the company's ongoing operations, should additional funds be required for operations or planned expansions.

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Principal risks and uncertainties (continued)

Interest rate cash flow risk
The company has interest bearing assets. Short and long term interest bearing assets include amounts receivable from other fellow subsidiaries within the United Kingdom which earn interest at LIBOR minus 5 basis points. No interest is charged on balances due to or receivable from fellow dormant subsidiaries within the United Kingdom.

Foreign exchange risk
Sanofi operates a foreign exchange risk hedging policy to reduce the exposure of operating income to fluctuations in foreign currencies, particularly the US dollar and the Euro but also other currencies where required. In order to mitigate these fluctuations the company is required to enter into derivative contracts with sanofi. The policy involves regular assessments of the Group's worldwide foreign currency exposure, based on budget estimates of foreign-currency transactions to be carried out by the parent company and its subsidiaries. These transactions mainly comprise sales, purchases, research costs, co-marketing and co-promotion expenses, and royalties. To reduce the exposure of these transactions to exchange rate movements, sanofi contracts economic hedges using liquid financial instruments such as forward purchases and sales of currency.

This report was approved by the board and signed on its behalf.

F X Duhalde
Director

Date: 27.9.17

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the financial statements of Sanofi Synthelabo Limited ("the company") for the year ended 31 December 2016.

Results and dividends

The profit for the year, after taxation, amounted to £2,639,000 *(2015 - loss of £7,678,000)*.

The directors do not recommend the payment of a dividend in respect of the year *(2015 - £Nil)*.

Directors

The directors who served during the year and/o subsequently were:

F X Duhalde (appointed 1 April 2016)
T Stenvall (resigned 30 September 2016)
A Prosser (resigned 1 April 2016)
H Fry (appointed 1 January 2017)

Sanofi maintains liability insurance for the directors and officers of all group companies. Sanofi has also provided an indemnity for the directors, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Future developments

Following the closure of the site, the company is expected to continue as a non-trading entity.

Going concern statement

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report. The financial statements include the company's financial risk management objectives; details of its financial instruments and its exposures to credit risk and liquidity risk.

The company has considerable financial resources, therefore, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

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

Post balance sheet events

There have been no significant events affecting the company since the year end.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016

Auditors

The auditors, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

F X Duhalde
Director

Date: 27.9.18

DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 judgments and accounting 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANOFI SYNTHELABO LIMITED

We have audited the financial statements of Sanofi Synthelabo Limited for the year ended 31 December 2016, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 23. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 Auditors' 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 Auditors

As explained more fully in the Directors' Responsibilities Statement 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 Financial Reporting Council's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom 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, based on the work undertaken in the course of the audit, 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 those financial statements and such reports have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SANOFI SYNTHELABO LIMITED (CONTINUED)

Matters on which we are required to report by exception

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

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.

Ernst & Young LLP

David Hales (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

Reading
Date: 29 Septr 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Turnover	4	-	15,985
Net operating expenses	5	(220)	(23,406)
Operating loss before exceptional items		(220)	(7,421)
Exceptional administrative expenses		-	(4,429)
Operating loss	6	(220)	(11,850)
Interest receivable and similar income	9	448	611
Other finance income		(164)	(388)
Profit/(loss) before tax		64	(11,627)
Tax on profit/(loss)	12	2,575	3,949
Profit/(loss) for the year		£ 2,639	£ (7,678)
Other comprehensive income:			
Actuarial (loss)/gain on defined benefit schemes	21	(7,907)	5,284
Deferred tax attributable to actuarial gain on pension scheme	12	(1,090)	3,118
Current tax deductions allocated to actuarial losses	12	349	-
Deferred tax impact of changes in tax laws and rates	12	(453)	(561)
Actuarial (loss)/gain related to unapproved pension scheme	18	(445)	116
Deferred tax attributable to actuarial gain on unapproved pension scheme	12	76	(20)
		(9,470)	7,937
Total comprehensive (expense)/income for the year		£ (6,831)	£ 259

The notes on pages 13 to 37 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note		2016 £000		2015 £000
Fixed assets					
Tangible assets	13		-		-
			-		-
Current assets					
Debtors: amounts falling due after more than one year	14	**1,681**		*657*	
Debtors: amounts falling due within one year	14	**126,095**		*130,691*	
		127,776		*131,348*	
Creditors: amounts falling due within one year	15	**(2,580)**		*(6,014)*	
Net current assets			**125,196**		*125,334*
Total assets less current liabilities			**125,196**		*125,334*
Provisions for liabilities					
Other provisions	18	**(5,968)**		*(5,506)*	
			(5,968)		*(5,506)*
Net assets excluding pension liability			**119,228**		*119,828*
Pension liability	21		**(9,664)**		*(3,504)*
Net assets			**£ 109,564**		*£ 116,324*

BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2016

	Note	2016 £000	2015 £000
Capital and reserves			
Called up share capital	17	**60**	*60*
Share option reserve	20	**2,008**	*1,937*
Profit and loss account	20	**107,496**	*114,324*
Total equity		**£ 109,564**	*£ 116,324*

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

F X Duhalde
Director

Date: 27.9.17

The notes on pages 13 to 37 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Share option reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2016	**60**	**1,937**	**114,327**	**116,324**
Comprehensive income for the year				
Profit for the year	-	-	**2,639**	**2,639**
Actuarial losses on pension scheme	-	-	**(7,907)**	**(7,907)**
Deferred tax attributable to actuarial losses on pension scheme	-	-	**(1,090)**	**(1,090)**
Deferred tax impact of law and rate changes	-	-	**(453)**	**(453)**
Current taxation deductions allocated to actuarial losses	-	-	**349**	**349**
Actuarial loss related to unapproved pension scheme	-	-	**(445)**	**(445)**
Deferred tax attributable to actuarial loss on unapproved pension scheme	-	-	**76**	**76**
Other comprehensive income for the year	-	-	**(9,470)**	**(9,470)**
Total comprehensive income for the year	-	-	**(6,831)**	**(6,831)**
Share option reserve movement	-	**71**	-	**71**
At 31 December 2016	**£ 60**	**£ 2,008**	**£ 107,496**	**£ 109,564**

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

	Called up share capital	Share option reserve	Profit and loss account	Total equity
	£000	£000	£000	£000
At 1 January 2015	60	1,850	114,068	115,978
Comprehensive income for the year				
Loss for the year	-	-	(7,678)	(7,678)
Actuarial gains on pension scheme	-	-	5,284	5,284
Deferred tax attributable to actuarial gain on pension scheme	-	-	2,565	2,565
Actuarial gain related to unapproved pension scheme	-	-	116	116
Deferred tax attributable to actuarial gain on unapproved pension scheme	-	-	(28)	(28)
Other comprehensive income for the year	-	-	7,937	7,937
Total comprehensive income for the year	-	-	259	259
Share option reserve movement	-	87	-	87
At 31 December 2015	£ 60	£ 1,937	£ 114,327	£ 116,324

The notes on pages 13 to 37 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Sanofi Synthelabo Limited ("the company") for the year ended 31 December 2016 were authorised for issue by the board of directors on 27 September 2017, and the balance sheet was signed on the board's behalf by F X Duhalde. The company is incorporated and domiciled in England.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101").

The company's financial statements are presented in Sterling and all values are rounded to the nearest thousand pounds (£000) except when otherwise indicated.

The results of the company are included in the consolidated financial statements of Sanofi (20F) which are available on the corporate website.

The principal accounting policies adopted by the company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared on a going concern basis, under the historical cost convention, unless otherwise specified within these accounting policies, and in accordance with FRS 101 and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the company's accounting policies (see note 3).

The accounting policies which follow set out those policies which apply in preparing the financial statements for the year ended 31 December 2016.

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment;
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations;
- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures;
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by the group; and
- the requirements of paragraphs 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2. Accounting policies (continued)

2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

For sale of services, principally toll manufacturing, turnover is recognised in the period in which the services are rendered.

2.4 Operating leases: lessee

Leases where the lessor retains a significant portion of the risks and benefits of ownership of the asset are classified as operating leases and rentals payable are charged in the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term.

2.5 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises the aggregate amount paid, the fair value of any other consideration given and includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

The assets' residual values, useful lives and depreciation methods are reviewed annually, and adjusted prospectively if appropriate, or if there is an indicatipon of a significant change since the last reporting date.

The carrying values of property, plant and equipment are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable, and are written down immediately to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset is included in the Statement of Comprehensive Income in the period of derecognition.

2.6 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.7 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

2.8 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Share based payment

Sanofi, the ultimate parent of the company, has granted a number of equity-settled share-based payment plans (stock option plans) to some of the company's employees.

In accordance with IFRS 2, services received from employees as consideration for stock options are recognised as an expense in the Statement of comprehensive income, with the matching entry recognised in equity, as a capital contribution. The expense corresponds to the fair value of the stock option plans at the date of the grant, and is charged to the income statement on a straight line basis over the vesting period of the plan (the 3-year or 40year during which grantees cannot exercise their options).

The fair value of the stock option plans is measured at the grant date using the Black Scholes valuation model taking into account the expected life and cancellation rate of the options. This initial measurement is not subsequently adjusted for unless the actual cancellation rate is materially different.

2. Accounting policies (continued)

2.10 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation, that is probable that an outflow above will be required to settle by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.11 Pensions

The company offers retirement benefits to employees and retirees, which are accounted for in accordance with IAS 19.

Benefits are provided in the form of either defined contribution plans or defined benefit plans. In the case of defined contribution plans, the cost is recognised immediately in the period in which it is incurred, and equates to the amount of the contributions paid by the company. Once the contributions have been paid, the company has no further payment obligation.

For defined benefit plans, the company recognises its obligations to pay pensions and similar benefits to employees as a liability, based on an actuarial estimate of the rights vested or currently vesting in employees and retirees, using the projected unit credit method. Estimates are performed at least once a year, and rely on financial assumptions (such as discount rates) and demographic assumptions (such as life expectancy, retirement age, employee turnover, and the rate of salary increases). Obligations relating to other post-employment benefits (healthcare and life insurance) offered by the company to employees are also recognised as a liability based on an actuarial estimate of the rights vested or currently vesting in employees and retirees at the end of the reporting period. These liabilities are recognised net of the fair value of plan assets.

The benefit cost for the period consists primarily of current service cost, past service cost, net interest cost, gains or losses arising from plan settlements not specified in the terms of the plan, and actuarial gains or losses arising from plan curtailments. Net interest cost for the period is determined by applying the discount rate specified in IAS 19 to the net liability (i.e. the amount of the obligation, net of plan assets) recognised in respect of defined benefit plans. Past service cost is recognised immediately in profit or loss in the period in which it is incurred, regardless of whether or not the rights have vested at the time of adoption (in the case of a new plan) or of amendment (in the case of an existing plan).

Actuarial gains and losses on defined benefit plans (pensions and other post-employment benefits), also referred to as "Remeasurements of the net defined benefit liability (asset)", arise as a result of changes in financial and demographic assumptions, experience adjustments, and the difference between the actual return and interest cost on plan assets. The impacts of these remeasurements are recognised in Other Comprehensive Income, net of deferred taxes; they are not subsequently reclassifiable to profit or loss.

2. Accounting policies (continued)

2.12 Financial instruments

The company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The company's accounting policies in respect of financial instruments transactions are explained below:

Financial assets

The company classifies all of its financial assets as loans and receivables.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

Financial liabilities

The company classifies all of its financial liabilities as liabilities at amortised cost.

At amortised cost

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried into the Balance Sheet.

2.13 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

2. Accounting policies (continued)

2.14 Current and deferred taxation

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, with the following exceptions:

- deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to Other Comprehensive Income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the Statement of Comprehensive Income.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Pension and other post employment benefits

The cost of defined benefit pensions plans and other post employment medical benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with a AA 15+ rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific country.

4. Turnover

Analysis of turnover by country of destination:

	2016 £000	2015 £000
United Kingdom	-	3,789
Rest of Europe	-	11,645
Rest of the world	-	551
	£ -	£ 15,985

An analysis of turnover by class of business is as follows:

	2016 £000	2015 £000
Sale of pharmaceutical products	-	10,735
Toll manufacturing	-	5,250
	£ -	£ 15,985

5. Net operating expenses

	2016 £000	2015 £000
Change in stocks of finished goods and goods for resale	-	(4,480)
Finished goods and consumables	-	14,223
Other operating charges	144	1,313
Employees (see note 8)	76	7,977
Depreciation	-	4,373
	£ 220	£ 23,406

6. Operating loss

The operating loss is stated after charging:

	2016 £000	2015 £000
Depreciation of tangible fixed assets owned by the company	-	4,373
Difference on foreign exchange	£ (1)	£ 5

7. Auditors' remuneration

The company paid the following amounts to its auditors in respect of the audit of the financial statements and for other services provided to the company:

		2016 £000		*2015 £000*
Fees for the audit of the Company	£	**22**	*£*	*60*

8. Employees

Staff costs were as follows:

		2016 £000		*2015 £000*
Wages and salaries		**36**		*6,798*
Social security costs		**16**		*831*
Cost of defined contribution scheme		**24**		*348*
	£	**76**	*£*	*7,977*

The charge for share options for the year is included in salaries and wages above, amounting to £71,000 *(2015 - £87,000).*

Directors' emoluments are paid by Aventis Pharma Limited. Directors' services to the company and to a number of fellow subsidiaries are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to Aventis Pharma Limited.

The average monthly number of employees, including the directors, during the year was as follows:

	2016 No.	*2015 No.*
Manufacturing	**5**	*178*

9. Interest receivable

		2016 £000		*2015 £000*
Interest receivable from group companies	£	**448**	*£*	*611*

10. Other finance costs

	2016 £000	2015 £000
Net interest on net defined benefit liability	**6,537**	*6,596*
Expected return on pension scheme assets	**(6,458)**	*(6,208)*
Net interest on unapproved pension scheme	**85**	-
	£ 164	*£ 388*

11. Exceptional items

	2016 £000	2015 £000
Restructuring costs	-	*779*
Depreciation	-	*3,650*
	£ -	*£ 4,429*

An accelerated depreciation charge was recognised in the prior year following the closure of the Fawdon manufacturing site. The accelerated charge was calculated based on the closure date.

12. Taxation

		2016		2015
		£000		£000
Corporation tax				
Current tax on profits for the year		350		-
Adjustments in respect of previous periods		(2)		(86)
Current income tax charge/(credit)		348		(86)
Group taxation relief		(343)		(7,466)
Total current tax	£	5	£	(7,552)
Deferred tax				
Origination and reversal of temporary differences		(1,763)		3,912
Impact of change in tax laws and rates		(408)		(374)
Adjustments in respect of prior years		(409)		65
Total deferred tax	£	(2,580)	£	3,603
Taxation on loss on ordinary activities	£	(2,575)	£	(3,949)

The company has surrendered the benefit of tax losses to other group companies for a consideration of £343,000 *(2015 - £7,466,000)* which has been set against the amounts owed to group companies. Accordingly, no tax losses are available to carry forward.

12. Taxation (continued)

Factors affecting tax credit for the year

The tax assessed for the year is lower than *(2015 - lower than)* the standard rate of corporation tax in the UK of 20% *(2015 - 20.247%)*. The differences are explained below:

		2016 £000		*2015 £000*
Profit/(loss) on ordinary activities before tax	£	**64**	£	*(11,628)*
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.247%)		**13**		*(2,354)*
Effects of:				
Fixed asset differences		**-**		*421*
Expenses not deductible for tax purposes		**-**		*97*
Adjustments to tax charge in respect of prior periods		**(2)**		*(86)*
Increase or decrease in pension fund prepayment leading to an increase/(decrease) in the tax charge		**(1,670)**		*1,093*
Changes in provisions leading to an increase/(decrease) in the tax charge		**(47)**		*(7)*
Current tax relating to other comprehensive income		**349**		*-*
Temporary differences not recognised		**-**		*(5,729)*
Tax (credited)/charged to statement of changes in equity		**(1,467)**		*2,537*
Impact of change in tax law and rates		**249**		*79*
Total tax (credit)/charge for the year	£	**(2,575)**	£	*(3,949)*

The company has no unrecognised tax losses *(2015 - £NIL)*.

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 21% to 20% was substantively enacted on 2 July 2013 and was effective from 1 April 2015.

Further reductions to 19% (effective from 1 April 2017) and then to 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. A rate of 17% has therefore been applied to the deferred tax asset / liability at the Balance Sheet date.

12. Taxation (continued)

	2016 £000	2015 £000
Tax relating to items charged or credited to Other Comprehensive Income		
Tax on defined benefit plans	**(349)**	-
Total current income tax	**(349)**	-
Deferred tax		
Actuarial gains/(losses) on defined benefit pension plan	**1,540**	*(2,565)*
Actuarial (losses)/gains on other post employment benefits	**(73)**	*28*
Total Deferred tax	**1,467**	*(2,537)*
Tax expense/(credit) in the Statement of Other Comprehensive Income	**£ 1,118**	*£ (2,537)*

The deferred tax included in the company balance sheet is as follows:

	2016 £000	2015 £000
Deferred tax asset		
Accelerated capital allowances	**-**	*1*
Short term temporary differences	**244**	*156*
Unapproved pension plan	**442**	*385*
Defined benefit pension scheme	**1,239**	*631*
Capital gain rolled over	**-**	*(360)*
	£ 1,925	*£ 813*

	2016 £000	2015 £000
Disclosed in the Balance Sheet		
Debtors due after more than one year	**1,681**	*657*
Debtors due within one year	**244**	*156*
	£ 1,925	*£ 813*

12. Taxation (continued)

	2016 £000	*2015 £000*
Deferred tax in the Statement of Comprehensive Income		
Origination and reversal of temporary differences	(1,014)	*3,098*
Impact of changes in tax laws and rates	(453)	*(561)*
Deferred tax expense/(credit)	£ (1,467)	*£ 2,537*

13. Tangible fixed assets

	Buildings & Leashold Improvements £000
Cost	
At 1 January 2016	25,929
Disposals	(25,929)
At 31 December 2016	-
Depreciation	
At 1 January 2016	25,929
Disposals	(25,929)
At 31 December 2016	-
Net book value	
At 31 December 2016	£ -
At 31 December 2015	*£ -*

14. Debtors

	2016 £000	2015 £000
Due after more than one year		
Deferred tax asset	**1,681**	*657*
	£ 1,681	*£ 657*

	2016 £000	2015 £000
Due within one year		
Amounts owed by group undertakings	**125,841**	*128,437*
Other debtors	**1**	*1,871*
Prepayments and accrued income	**9**	*227*
Deferred tax asset	**244**	*156*
	£ 126,095	*£ 130,691*

The amounts owed by group undertakings are unsecured, and repayable on demand. Amounts relating to trading balances owed by non-UK companies and balances owed by dormant companies are interest free. All other balances carry interest at LIBOR minus 5 basis points.

15. Creditors: Amounts falling due within one year

	2016 £000	2015 £000
Trade creditors	**24**	*604*
Amounts owed to group undertakings	**2,411**	*3,035*
Other taxation and social security	**-**	*812*
Other creditors	**-**	*726*
Accruals and deferred income	**145**	*837*
	£ 2,580	*£ 6,014*

The amounts owed to group undertakings are unsecured, and repayable on demand, amounts relating to trading balances owed to non-UK companies and balances owed to dormant companies are interest free; all other balances carry interest at LIBOR plus 15 basis points.

16. Financial instruments

		2016 £000		*2015 £000*
Financial assets				
Financial assets that are debt instruments measured at amortised cost	£	**125,842**	*£*	*130,308*
Financial liabilities				
Financial liabilities measured at amortised cost	£	**(2,580)**	*£*	*(5,202)*

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, accruals and other creditors.

17. Share capital

		2016 £000		*2015 £000*
Authorised, allotted, called up and fully paid				
60,000 Ordinary shares shares of £1 each	£	**60**	*£*	*60*

18. Provisions

	Environ-mental Provision £000	Jubilee Scheme £000	Unapproved pension scheme £000	Restructure costs £000	Total £000
At 1 January 2016	2,869	101	2,136	400	5,506
Charged to profit or loss	-	-	85	-	85
Charged to other comprehensive income	-	-	445	-	445
Utilised in year	-	-	(68)	-	(68)
At 31 December 2016	**£ 2,869**	**£ 101**	**£ 2,598**	**£ 400**	**£ 5,968**

Environmental Provision

A provision was made for the site remediation at the company's Fawdon site. As part of the sale of the Fawdon site, not all remediation work was carried out, and the company continues to hold this provision on the basis that a social responsibility remains to fulfil any works.

Jubilee Scheme

The Jubilee Scheme was created to reward employees for long service. The balance as at 31 December 2016 represents the estimated value of this liability for the remaining contracted employees.

Unapproved Pension Scheme

The balance represents the actuarial valuation of the Sanofi-Synthelabo (Unapproved) Pension Scheme as at 31 December 2016. Of the £462,000 addition in the year, £85,000 has been charged to the Profit and Loss Account, £68,000 of the provision has been utilised and £445,000 was debited to Other Comprehensive Income in respect of actuarial losses. The assumptions used for the scheme valuation are the same as those for the Sanofi-Aventis UK pension scheme valuation as disclosed in Note 21.

Restructure costs

In 2012, a restructure provision was recognised based on the estimated cost of redundancies and relocation of staff, which was utilised during 2015 when the Fawdon site was closed. Utilisation of the remaining provision is dependent on the remaining relocated employees leaving the Sanofi Group.

19. Share based payments

Share option plans

The company participates in a number of stock purchase option plans operated by Sanofi, the ultimate parent company. These plans allow grantees to purchase a fixed number of shares at a pre-determined price over a specific period. Options generally vest two to five years from the date of grant and expire seven to twenty years from the date of grant. Awards under the plans are generally reserved for employees at senior management level and above. Exercise of an option is subject to continued employment. Options were valued using the Black-Scholes option pricing model. No performance conditions were included in the fair value calculations. The fair value per option granted and the assumptions used in the calculation are as follows:

	Sanofi	Sanofi	Sanofi	Sanofi	Sanofi
Grant date	3/1/2010	3/2/2009	12/13/2007	12/14/2006	5/31/2005
Share price at grant date	54.82	41.10	63.66	69.70	73.30
Exercise price in Euro	54.12	45.09	62.33	66.91	70.38
Number of employees	5	2	5	1	-
Shares under option	2,610	1,425	14,900	1,000	-
Vesting period (years)	4	4	4	4	4
Expected volatility	27.08%	27.06%	19.36%	19.58%	18.44%
Option life (years)	10	10	10	10	10
Expected life (years)	6	6	6	6	8
Risk free rate	2.56%	2.84%	4.21%	3.74%	3.08%
Expected dividends expressed as a dividend yield	4.66%	5.72%	3.08%	2.48%	1.85%
Fair value per option in Euro	9.09	4.95	11.92	14.35	16.68

The expected volatility is based on the historical volatility over the last two to five years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon Euro bonds of a term consistent with the assumed option life.

19. Share based payments (continued)

Restricted share plans

Origin	Date of award	Number of shares initially awarded	Acquisition date	Availability date	Number transferred (to)/from associated employer	Number transferred as of 31 December 2016	Number of rights cancelled as of 31 December 2016	Number out-standing
Sanofi-aventis	3/2/2009	939	3/4/2013	3/4/2013	-	(939)	-	-
Sanofi-aventis	3/1/2010	1,040	3/2/2014	3/3/2014	-	(1,040)	-	-
Sanofi-aventis	10/27/2010	7,840	10/27/2014	10/28/2014	(80)	(7,480)	(280)	-
Sanofi-aventis	3/9/2011	1,350	3/10/2015	3/10/2015	-	(1,350)	-	-
Sanofi	3/5/2012	2,350	3/5/2016	3/5/2016	-	(2,033)	(317)	-
Sanofi	3/5/2013	2,300	3/5/2017	3/5/2017	-	-		2,300
Sanofi	3/5/2014	2,050	3/5/2018	3/5/2018	-	-		2,050
Sanofi	6/24/2015	1,400	6/25/2019	6/25/2019	-	-		1,400

In 2011, the Sanofi Board of Directors made significant changes to its share-based compensation policy to limit the dilutive effect on shareholders, the Sanofi Board of Directors determined to primarily award performance shares. Furthermore, whoever the beneficiary is, any award of performance shares will henceforth be fully subject to the condition of the performance targets being achieved over three financial years.

19. Share based payments (continued)

The performance criterion based upon Business Net Income covers 50% of the award. It relates to the ratio, at constant exchange rate, between actual Business Net Income achieved and the Business Net Income specified in the budget. If this ratio is less than 95%, the corresponding performance shares will lapse. The Business Net Income target may not be lower than the lower range of the guidance published by Sanofi at the beginning of each year.

The ROA-based criterion covers 50% of the award. The schedule includes a target ROA, below which the performance will be penalised by the lapsing of part or all of the performance shares.

The performance will be measured over three financial years.

While for reasons of confidentiality, even though they have been properly established in a precise manner, the figures for the internal criteria cannot be publicly disclosed, the targets and the level of achievement of the internal criteria will be disclosed publicly at the end of the performance measurement period.

The meeting of the Sanofi Board of Directors on 4 May 2016 decided to award a restricted performance share plan to a number of employees within the group. A total of NIL shares were awarded to 0 employees of the company which will vest after a three-year service period.

The company has estimated the fair value of this plan on the basis of the fair value of the equity instruments awarded, as representing the fair value of the employee services received during this period.

Fair value was measured at the date of grant. The fair value of each share awarded corresponds to the quoted market price per share as of that date Euro 61.06, adjusted for expected dividends during the vesting period.

The fair value of the restricted share plan was measured at £NIL. This amount is being recognised as an expense over the vesting period, with a corresponding increase in equity. The total expense recognised for this plan during the year ended 31 December 2016 was £NIL.

As of 31 December 2016, the total number of restricted shares outstanding was 5,750 as the acquisition period of the plans has not yet expired.

The total charge for the year relating to employee share based payment plans was £71,000 *(2015 - £87,000)*. After deferred tax, the total charge was £57,000 *(2015 - £71,000)*.

20. Reserves

Profit & loss account

The profit and loss account represents the accumulated profits, losses and distributions of the company.

Share option reserve

The share option reserve represents the accumulated charge incurred by the company in connection with share-based remuneration schemes.

21. Pension commitments

The company operates a Defined Benefit and a Defined Contribution Pension Scheme.

Defined Benefit Pension Scheme

The company participates in the Sanofi-Aventis Pension Scheme, a defined benefit pension scheme that has been closed to new entrants since April 2007, and with effect from 1 October 2015 closed to future accrual. As a result, employees can no longer pay into the scheme.

Under this defined benefit plan, an annuity is paid from the retirement date. This annuity is calculated on the basis of the employee's length of service as of September 30, 2015, and of the employee's final salary (or salary on the date the employee leaves the company).

The rates used for the vesting of rights vary from member to member. For most members, rights vest at the rate of 1.25% or 1.50% of final salary for each qualifying year of service giving entitlement. The notional retirement age varies according to the category to which the member belongs, but in most cases retirement is at age 65.

Members may choose to retire before or after the notional retirement age (60 years), in which case the amount of the annual pension is adjusted to reflect the revised estimate of the length of the retirement phase. Pensions are usually indexed to the Retail Price Index (RPI). Members paid a fixed-percentage contribution into their pension plan (the percentage varied according to the employee category), and the employer topped up the contribution to the required amount.

Until closure of the plan, members paid a fixed-percentage contribution into their pension plan (the percentage varied according to the employee category), and the employer topped up the contribution to cover the cost of benefit accrual which was revised regularly (at least every three years) as part of statutory funding valuation.

For future service periods subsequent to October 1, 2015, employees will belong to a new defined contribution plan.

The table below reconciles the net obligation in respect of the company's pension scheme with the amounts recognised in the financial statements.

	2016 £000	*2015* *£000*
Measurement of obligation		
Benefit obligation at the beginning of the year	**148,372**	*179,345*
Current service cost	**-**	*727*
Interest cost on benefit obligation	**6,537**	*6,596*
Routine plan settlements	**(1,349)**	*(912)*
Benefits paid	**(4,090)**	*(4,329)*
Actuarial loss due to change in demographic assumptions	**-**	*1,038*
Actuarial loss/(gain) due to change in financial assumptions	**34,307**	*(7,428)*
Actuarial loss due to Experience	**1,477**	*(26,665)*
Benefit obligation at end of year	**£ 185,254**	*£ 148,372*

21. Pension commitments (continued)

	2016 £000	2015 £000
Fair value of plan assets at beginning of year	**144,868**	*164,795*
Interest income on plan assets	**6,458**	*6,208*
Actual return over/under the expected interest income	**27,877**	*(27,771)*
Benefits paid	**(4,090)**	*(4,329)*
Administration costs	**(191)**	*(209)*
Employee contributions	**-**	*11*
Employer contributions	**2,017**	*7,075*
Routine plan settlements	**(1,349)**	*(912)*
Fair value of plan assets at end of year	**£ 175,590**	*£ 144,868*

	2016 £000	2015 £000
Amounts recognised in OCI		
Loss/(Gain) on DBO due to change in demographic assumptions	**-**	*1,038*
(Gain)/Loss on DBO due to change in financial assumptions	**34,307**	*(7,428)*
Gain on DBO due to Experience	**1,477**	*(26,665)*
Loss on Assets: comparison between real return and expected Income interest	**(27,877)**	*27,771*
Amounts recognised in OCI at end of year	**£ 7,907**	*£ (5,284)*

	2016 £000	2015 £000
Fair value of plan assets	**175,590**	*144,868*
Present value of plan liabilities	**(185,254)**	*(148,372)*
Net defined benefit liability	**£ (9,664)**	*£ (3,504)*

21. Pension commitments (continued)

		2016 £000		2015 £000
Defined benefit cost				
Current service cost		-		727
Employees contribution		-		(11)
Interest on obligation		6,537		6,596
Interest income on plan assets		(6,458)		(6,208)
Administration costs and tax paid during the year		191		209
Total	£	270	£	1,313

The table below shows the fair value of plan assets relating to the company's pension scheme, split by asset category.

		2016 £000		2015 £000
Cash and cash equivalent		10,481		9,975
Equity instruments		66,045		56,742
Debt instruments		94,314		66,618
Real estate		4,674		-
Derivatives		41		-
Other		35		4,669
Quoted securities		175,590		138,004
Other securities - Hedge Funds		-		6,864
Total fair value of plan assets	£	175,590	£	144,868

The scheme has a long-term objective of maintaining or increasing the extent to which its obligations are covered by assets. To this end, the scheme uses an asset-liability management strategy, matching plan assets to its pension obligations. This policy aims to ensure the best fit between the assets held on the one hand, and the associated liabilities and expected future payments to plan members on the other. To meet this aim, the scheme operates a risk monitoring and management strategy (mainly focused on interest rate risk and inflation risk), while investing a growing proportion of assets in high-quality bonds with comparable maturities to those of the underlying obligations.

The scheme did not alter its asset-liability management strategy or its key risk monitoring policy during 2016.

The estimated amounts of employer's contributions to plan assets in 2017 are £3,065,000.

21. Pension commitments (continued)

The table below shows the sensitvity of the company's obligations for pensions to changes in the key actuarial assumptions:

	2016 £000	2015 £000
Sensitivity analysis		
Sensitivity to discount rate -0.5 point	**202,129**	*160,968*
Sensitivity to discount rate +0.5 point	**170,533**	*137,297*
Sensitivity to rate of compensation increase +0.5 point	**185,779**	*148,917*
Sensitivity to inflation rate +0.5 point	**196,495**	*156,687*
Sensitivity to medical rate of inflation +0.5 point	**185,254**	*148,372*
Sensitivity to rate of indexation of pension in payment +0.5 point	**193,819**	*155,499*
Sensitivity to rate of indexation of deferred pension +0.5 point	**188,344**	*150,674*
Sensitivity to mortality table	**£ 191,671**	*£ 152,378*

Actuarial valuations of the company's benefit obligations were computed by management with assistance from external actuaries as of December 31, 2016, 2015, 2014 and 2013.

	2016	2015
Discount rate	**2.75%**	*4.00%*
Rate of competition increase	**4.40%**	*4.40%*
Inflation rate	**3.15%**	*3.15%*
Indexation rate pension in payment	**3.00%**	*3.10%*
Indexation rate deferred pension	**2.05%**	*2.05%*
Weight average duration (in years)	**17**	*17*

The discount rates used are based on market rates for high quality corporate bonds with a duration close to the expected benefit payments under the plans, 7 to 10 years and more than 10 years, respectively. The benchmarks used to determine these discount rates were the same in 2016, 2015, 2014 and 2013.

21. Pension commitments (continued)

Defined Contribution Pension Scheme

The assets of the defined contributions pension 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 £24,000 *(2015 - £348,000)*. Contributions totalling £Nil *(2015 - £576,000)* were payable to the fund at the Balance Sheet date

22. *Other financial commitments*

The company has given bank guarantees in favour of the Environment Agency for £45,000.

23. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Sanofi-Aventis UK Holdings Limited. The ultimate parent undertaking and controlling party is Sanofi, a company incorporated in France. Sanofi is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2016. The consolidated financial statements of Sanofi are available from: Sanofi, 54 Rue La Boétie, 75008 Paris, France.