Rosemont Pharmaceuticals Limited

Annual Report and Financial Statements

Registered number 924648

31 December 2015

Contents

Corporate Information

Directors:
RP Howard (resigned 5 February 2016)
N T Lister (appointed 5 February 2016)
P Thompson (appointed 19 November 2014)
PM O'Sullivan
MA Tucker

Secretary and Registered Office:

NMP Kavanagh
Wrafton
Braunton
Devon
EX33 2DL

Company Number: 924648

Auditors:
Ernst & Young LLP
The Paragon
Counterslip
Bristol
BS1 6BX

Strategic Report

The directors present their Strategic Report for the 18 months ended 31 December 2015.

Principal Activities

The principal activity of the company is the development, manufacture and sale of oral liquid medicines.

Business Review

The directors consider the company's trading position to be satisfactory and the profits for the period are set out in the profit and loss account on page 6.

The directors report a turnover of £63.398 million for the 18 month period ended 31 December 2015 compared to a turnover of £38.670 million for the 12 month year ended 28 June 2014. The profit on ordinary activities before taxation for the period of £30.309 million, 48% of turnover, compares with £17.266 million, 45% of turnover, achieved in the previous 12 month year.

Key Performance Indicators

The group's KPIs cover all areas of the business, but the directors still believe that the primary differentiator of the group from its competitors is the high quality of both its existing products and its new product pipeline. This was evidenced by a portfolio of over 190 stock keeping units which included 19 new launches in the financial year. The pursuit of quality was combined with a clear focus on maintaining high levels of product availability across the customer base, from hospitals to wholesalers and retail pharmacies, ensuring the reliable supply of high quality medicines for vulnerable patients. In line with previous periods, the company again ensured product availability of over 99% for its customers, whilst also continuing to focus on growing its business overseas. During the period the group maintained ISO14001, Investors in People and Positive about Disabled People accreditations.

Principal Risk and Uncertainties

The directors perceive the principal risks and uncertainties facing the company to be the financial uncertainty and cost pressures within National Health Service direct and also the domestic and international currency fluctuations leading to price inflation of raw materials and products.

The main financial risks arising from the company's activities are credit risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

The company's policy in respect of credit risk is to require appropriate credit checks on potential customers before sales are made.

The company's policy is to monitor currency requirements on a weekly basis and where appropriate purchase on a forward basis to cover its demands.

In respect of liquidity risk the company monitors cash flow as part of its day to day procedures. Cash flow projections are considered on a monthly basis to ensure where applicable appropriate facilities are available to be drawn upon as necessary.

Creditor payment policy

The company will follow its policy on payment practice during the next year. For all suppliers it is the company's policy to (a) agree the terms of payment with those suppliers when agreeing the terms of each transaction; (b) ensure that those suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and (c) pay in accordance with its contractual and other legal obligations.

By order of the Board

NT Lister
Director

Date: 12 September 2016

Wrafton
Braunton
Devon
EX33 2DL

Directors' Report

The directors present their annual report and the audited financial statements for the 18 month period ended 31 December 2015.

Directors

The directors who held office during the period and up to the date of approval of the financial statements were as follows:

RP Howard (resigned 5 February 2016)
N T Lister (appointed 5 February 2016)
P Thompson (appointed 19 November 2014)
PM O'Sullivan
MA Tucker

Directors' qualifying third party indemnity provision

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

Research and development

The company continues an active programme of research and development, the costs of which amounted to £3,657,000 in the 18 month period (year ended 28 June 2014: £3,693,000).

Future developments

The company will continue to focus on distributing pharmaceutical products to the high street retail multiples and contract customers and looks to continue to invest in capital expenditure projects to enhance its manufacturing capacity and capabilities.

Post balance sheet events

There have been no events since the balance sheet date which materially affect the position of the company.

Financial instruments

Details of financial instruments are provided in the Strategic Report on page 1.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

Political and Charitable Donations

The company made no political donations during the period (2014: £0). Charitable donations amounted to £21,141 (year ended 28 June 2014: £558).

Dividend

The company received no dividends from subsidiary undertakings in the current or previous period.

No dividend was paid during the current or previous period.

Employees

The directors recognise the importance of human resources. Practices to promote good communications and relations with employees include regular meetings of the Employee Works Council and the use of company newsletters.

The company gives full and fair consideration to applications from disabled persons. If an employee becomes disabled, the company endeavours to continue their employment if this is practical and, in appropriate cases, training is given.

Rosemont Pharmaceuticals Limited supports both internal and external training programmes.

The company operates a profit related bonus scheme.

Directors' Report *(continued)*

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Re-appointment of auditors

Ernst and Young LLP have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the next board meeting.

By order of the Board
NT Lister
Director

Date: 12 September 2016

Wrafton
Braunton
Devon
EX33 2DL

Statement of Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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 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 Rosemont Pharmaceuticals Limited

We have audited the financial statements of Rosemont Pharmaceuticals Limited for the 18 month period ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors

As explained more fully in the Statement of Directors' Responsibilities on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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 Annual Report and Financial Statements 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 2015 and of its profit for the period 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 the information given in the Strategic and Directors' Report for the financial period 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.

Ernst & Young LLP

Paul Mapleston (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Bristol

Date: 15 September 2016

Profit and Loss Account

for the 18 month period ended 31 December 2015

	Note	18 months to 31 December 2015	12 months to 28 June 2014
		£000	£000
Turnover	2	**63,398**	38,670
Cost of sales		**(19,423)**	(12,080)
Gross profit		**43,975**	26,590
Distribution costs		**(974)**	(643)
Administrative expenses		**(13,599)**	(8,918)
Operating profit	3	**29,402**	17,029
Other interest receivable and similar income	6	**907**	237
Profit on ordinary activities before taxation		**30,309**	17,266
Tax on profit on ordinary activities	7	**(5,851)**	(3,872)
Profit for the financial period	17	**24,458**	13,394

There are no recognised gains or losses other than the profit for the current or prior period.

All amounts relate to continuing activities.

The notes on pages 8 to 19 form part of these financial statements.

Balance Sheet
at 31 December 2015

	Note	31 December 2015 £000	31 December 2015 £000	28 June 2014 £000	28 June 2014 £000
Fixed assets					
Intangible assets	*8*		**4,432**		2,792
Tangible assets	*9*		**4,244**		4,170
			8,676		6,962
Current assets					
Stock	*11*	**4,014**		4,524	
Debtors	*12*	**119,237**		94,380	
Cash at bank and in hand		**11,825**		13,898	
		135,076		112,802	
Creditors: amounts falling due within one year	*13*	**(9,409)**		(8,278)	
Net current assets			**125,667**		104,524
Total assets less current liabilities			**134,343**		111,486
Creditors: amounts falling due after one year	*14*		**-**		(1,601)
Net assets			**134,343**		109,885
Capital and reserves					
Called up share capital	*16*		**1,762**		1,762
Profit and loss account	*17*		**132,581**		108,123
Shareholders' funds	*18*		**134,343**		109,885

These financial statements were approved and authorised for issue by the board of directors on 12 September 2016 and were signed on its behalf by:

NT Lister
Director

The notes on pages 8 to 19 form part of these financial statements.

Notes to the financial statements

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable accounting standards (United Kingdom Generally Accepted Practice).

Under Financial Reporting Standard No.1 (revised 1996) the company is exempt from the requirement to prepare a cash flow statement on the grounds that its cash flows are included within the consolidated cash flow statement of Perrigo Company Plc, a company incorporated and registered in Ireland.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006 as its results are included in the consolidated accounts of Perrigo Company Plc.

These financial statements therefore present information about the company as an individual undertaking and not about its group.

Intangible assets

Intangible assets comprise product licences, the costs of which are capitalised and amortised over the period of use of the licence which ranges from 4 to 10 years.

Fixed assets and depreciation

Tangible fixed assets are initially stated at cost.

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Building equipment	-	5 - 15 years
Plant and machinery	-	3 - 15 years
Fixtures and fittings	-	2 - 10 years

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods, cost is taken as production cost which includes an appropriate proportion of attributable overheads. Provision is made for obsolete or slow moving stock where appropriate.

Deferred income

Income received in advance on contracts is shown as deferred income in creditors on the balance sheet and credited to the profit and loss account over the life of the contracts to match against production.

Leases

Operating leases and the rental charges are taken to the profit and loss account on a straight line basis over the life of the lease.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Deferred taxation

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

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Revenue recognition

Revenue is recognised to the extent that the company obtains the right to consideration received, excluding discounts and VAT. Revenue from the sales of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Revenue is reduced for any contractual customer program arrangements and related liabilities are recorded concurrently. Changes in estimates and assumptions related to customer programs may result in additional accruals or allowances.

Shipping and handling costs billed to customers are included in turnover. Conversely, shipping and handling expenses we incur are included in cost of sales.

Pension costs

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Research and development expenditure

Expenditure on research and development is written off against profits in the period in which it is incurred as such expenditure does not meet the criteria for capitalisation as provided in SSAP13.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Dividends

Equity dividends are recognised when they become legally payable. Final equity dividends are only recognised if approved by the shareholders prior to the period end.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

Equity-settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions).

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the income statement.

The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006.

Notes to the financial statements *(continued)*

2 Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the company's principal activities excluding Value Added Tax and trade discounts.

Turnover is attributable to each of the company's geographical markets as follows:

	18 months to 31 December 2015 £000	12 months to 28 June 2014 £000
Geographical analysis of turnover by destination		
United Kingdom	**57,938**	34,573
Other European countries	**2,451**	1,260
Rest of world	**3,009**	2,837
	63,398	38,670

3 Operating profit

	18 months to 31 December 2015 £000	12 months to 28 June 2014 £000
Operating profit is stated after charging:		
Auditors' remuneration		
Audit	**72**	50
Non-audit; tax	**3**	13
Depreciation of owned assets	**1,826**	1,358
Amortisation of intangible assets	**263**	113
Rentals under operating leases – plant & machinery	**528**	236
Rentals under operating leases – other	**613**	424
Research and development expenditure	**3,657**	3,693
Loss on disposal of fixed assets	**12**	-
Foreign exchange losses	**39**	50

Rosemont Pharmaceuticals Limited paid the remuneration for auditors for all Rosemont group companies. The relevant amount for the company was £60,000.

4 Staff numbers and costs

The average number of individuals for which the company bears an economic burden during the period was as follows:-

	Number of employees	
	18 months to 31 December 2015	12 months to 28 June 2014
Production	**95**	85
Sales and distribution	**54**	53
Research and development	**23**	25
Administration	**28**	31
	200	194

Notes to the financial statements *(continued)*

4 Staff numbers and costs *(continued)*

The aggregate payroll costs of the company, including directors' remuneration, were as follows:

	18 months to 31 December 2015 £000	12 months to 28 June 2014 £000
Wages and salaries	**10,583**	6,707
Social security costs	**1,034**	677
Other pension costs (note 21)	**618**	319
	12,235	7,703

5 Remuneration of directors

The directors of this company have not received any payment from it directly. Fellow group company Wrafton Laboratories Limited has paid the remuneration for the UK directors of the company. The amount apportioned for the UK directors giving service to this company total £239,022.25 (2014: £72,367) of which pension contribution to money purchase scheme was £17,329 (2014: £4,363).

The 3 resigned USA directors were remunerated by the Perrigo Company Plc and did not provide any qualifying services in the period.

6 Other interest receivable and similar income

	18 months to 31 December 2015 £000	12 months to 28 June 2014 £000
Interest from loans with group companies	**847**	223
Bank interest receivable	**60**	14
	907	237

Notes to the financial statements *(continued)*

7 Tax on profit on ordinary activities

	18 months to 31 December 2015 £000	12 months to 28 June 2014 £000
Current tax		
UK corporation tax on profit of the period	**5,980**	3,968
Adjustment in respect of previous periods	**(116)**	38
Total current tax	**5,864**	4,006
Deferred tax		
Origination and reversal of timing differences	**(43)**	(121)
Tax rate change	**-**	(13)
Adjustment in respect of prior year	**30**	-
Movement in deferred tax provision (note 15)	**(13)**	(134)
Taxation on profit on ordinary activities	**5,851**	3,872

	18 months to 31 December 2015 £000	12 months to 28 June 2014 £000
Profit on ordinary activities before tax	**30,309**	17,266
Profit on ordinary activities at the blended standard rate of corporation tax in the UK of 20.75% for the 12 months to 27 June 2015 and the standard corporate tax rate of 20% for the 6 months to 31 December 2015 (2014: 22.5%)	**6,198**	3,885
Effects of:		
Expenses not deductible for tax purposes	**(18)**	68
Depreciation in excess of capital allowances for the period	**14**	105
Short term timing differences	**(1)**	28
Adjustment in respect of previous periods	**(116)**	38
Effects of other tax rates/credits	**(213)**	(118)
Current tax charge for the period	**5,864**	4,006

Factors that may affect future tax charges

The UK corporation tax rate was reduced from 21% to 20% effective 1 April 2015. During the year reductions in the main corporation tax rates were enacted that will have an effect on future tax charges of the Company.

The main rate reduces from 20% to 19% on 1 April 2017 and to 18% on 1 April 2020. The deferred tax asset is recognised on the balance sheet at a rate of 18%. However, after the balance sheet date a reduction amending the main rate of corporation tax to 17% from 1 April 2020 onwards was enacted. The impact of this amendment on the deferred tax liability balance is £2,716.

Notes to the financial statements *(continued)*

8 Intangible fixed assets

	Product Licences £000
Cost	
At 28 June 2014	3,267
Additions during period	1,903
At 31 December 2015	**5,170**
Amortisation	
At 28 June 2014	475
Charge for period	263
At 31 December 2015	**738**
Net book value	
At 31 December 2015	**4,432**
At 28 June 2014	2,792

9 Tangible fixed assets

	Land and buildings and building equipment £000	Plant and machinery £000	Fixtures and fittings £000	Payments on account and assets in course of construction £000	Total £000
Cost					
At 28 June 2014	4,255	11,246	308	329	16,138
Additions	-	-	-	1,912	1,912
Transfers	170	490	-	(660)	-
Disposals	(16)	(1,437)	-	-	(1,453)
At 31 December 2015	**4,409**	**10,299**	**308**	**1,581**	**16,597**
Depreciation					
At 28 June 2014	2,571	9,393	4	-	11,968
Charge for period	641	1,182	3	-	1,826
Disposals	(13)	(1,428)	-	-	(1,441)
At 31 December 2015	**3,199**	**9,147**	**7**	-	**12,353**
Net book value **At 31 December 2015**	**1,210**	**1,152**	**301**	**1,581**	**4,244**
At 28 June 2014	1,684	1,853	304	329	4,170

Notes to the financial statements *(continued)*

10 Fixed asset investments

Details of the Company's subsidiary undertakings are as follows:

	Country of registration or incorporation	Principal activity	Class and percentage of shares held	Profit/(loss) for the period £	Capital and Reserves £
Rosemont Pensions Limited	England	Corporate Trustee Company	Ordinary – 100%	-	1

11 Stocks

	31 December 2015 £000	28 June 2014 £000
Raw materials and consumables	**1,671**	1,935
Work in progress	**54**	264
Finished goods	**2,289**	2,325
	4,014	4,524

There is no material difference between the replacement cost of stocks and the amounts stated above.

12 Debtors

	31 December 2015 £000	28 June 2014 £000
Trade debtors	**8,060**	5,103
Other debtors	**11**	-
Amounts owed by group undertakings	**110,493**	88,572
Prepayments and accrued income	**624**	669
Deferred tax asset (note 15)	**49**	36
	119,237	94,380

Amounts owed by group undertakings are unsecured, bear interest at 3 months LIBOR plus 2.5% and are repayable on demand.

13 Creditors: amounts falling due within one year

	31 December 2015 £000	28 June 2014 £000
Trade creditors	**1,715**	1,542
Amounts owed to group undertakings	**2,599**	2,258
Corporation tax creditor	**1,886**	1,977
Other taxes	**1,435**	888
Social security	**96**	185
Accruals and deferred income	**1,678**	1,428
	9,409	8,278

Notes to the financial statements *(continued)*

14 Creditors: amounts falling due after one year

	31 December 2015 £000	28 June 2014 £000
Trade creditors	**-**	1,601
	-	1,601

15 Deferred tax asset

	Deferred taxation £000
Balance at 28 June 2014	36
Transfer to profit and loss account (note 7)	43
Adjustment in respect of prior year	(30)
Balance at 31 December 2015	**49**

Deferred taxation provided for in the financial statements comprises:	**31 December 2015 £000**	28 June 2014 £000
Accelerated capital allowances	**31**	16
Other timing differences	**18**	20
	49	36

16 Called up share capital

	31 December 2015 £000	28 June 2014 £000
Allotted, called up and fully paid		
7,049,600 (2014: 7,049,600) ordinary shares of 25p each	**1,762**	1,762

Notes to the financial statements *(continued)*

17 Reserves

	Profit and loss account £000
At 28 June 2014	108,123
Profit for the period	24,458
At 31 December 2015	**132,581**

18 Reconciliation of movement in shareholders' funds

	31 December 2015 £000	28 June 2014 £000
Opening shareholders' funds	**109,885**	96,511
Prior period tax charge	**-**	(20)
Profit on ordinary activities after tax	**24,458**	13,394
Closing shareholders' funds	**134,343**	109,885

19 Commitments

i) There were no capital commitments at the end of the current period (year ended 28 June 2014: £Nil).

ii) Annual commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other operating leases	
	31 December 2015 £000	28 June 2014 £000	**31 December 2015 £000**	28 June 2014 £000
Expiring:				
Within one year	**3**	10	**34**	57
In the second to fifth year inclusive	**173**	-	**166**	122
In more than five years	**248**	421	**-**	-
	424	431	**200**	179

~~21~~20 Guarantees

There is a group unlimited multilateral banking agreement in place between Wrafton Laboratories Limited, Perrigo Pharma Limited, Galpharm International Limited, Perrigo UK Acquisition Limited and the Rosemont Group of companies.

A cash pooling facility exists between companies within Perrigo UK Acquisition Limited group with a net overdraft facility of £100 (2014: £100). There was no net overdraft position between those companies as at 31 December 2015.

Notes to the financial statements *(continued)*

~~22~~21 Pension scheme

The company operates a defined contribution pension arrangement. As part of meeting its 1 April 2014 auto-enrolment obligations, the company established a new Group Personal Pension (GPP) Plan to replace the previous trust based arrangement. The assets of the scheme administered by trustees in a fund independent of the company remain invested, but all company contributions since 1 April 2014 have been made into the new GPP arrangement. The total pension cost charge for the period represents contributions payable by the company to the funds and amounted to £617,778 (2014: £319,467).

At the balance sheet date there were outstanding contributions of £67,960 (2014: £52,048) included within other creditors.

~~23~~22 Related Party Transactions

The company has taken advantage of the exemption conferred by FRS 8 'Related party disclosures' not to disclose transactions with wholly owned members of the group headed by the Perrigo Company Plc (Ireland) on the grounds that 100% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

There are no other related party transactions.

~~24~~23 Share-Based Compensation Plans

All share-based compensation for employees and directors is granted under the 2008 to 2015 Long-Term Incentive Plan of Perrigo Company, other than certain grants pursuant to employment agreements. The plan has been approved by Perrigo Company's shareholders and provides for the granting of awards to its employees and directors of shares of common stock. The awards that are granted under this program primarily include non-qualified share options, incentive share options, restricted shares and restricted share units.

Awards granted under the plan vest and may be exercised and/or sold from one to ten years after the date of grant based on a vesting schedule.

The fair value of equity-settled share options granted is estimated as at the date of grant using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used for the period 31 December 2015 and 28 June 2014 were:

	31 December 2015	28 June 2014
Dividend Yield	**0.3%**	0.3%
Volatility, as a per cent	**27.0%**	33.0%
Risk-free interest rate	**1.7%**	1.8%
Expected life of options	**3**	3

Volatility used in the valuation model was based on historical volatility. The risk-free interest rate was based on the yield of U.S. government securities with a maturity date that coincides with the expected term of the option. The expected life in years after vest date was estimated based on past exercise behaviour of employees.

The number and weighted average exercise prices (WAEP) of, and movements in, share options during the period were:

	2014/15 No	**2014/15 WEAP**	**2013/14 No**	**2013/14 WAEP**
Outstanding as at 28 June 2015	-	-	-	-
Granted during the period	246	147.75	-	-
Exercised during the period	-	-	-	-
Outstanding as at 31 December 2015	246	147.75	-	-
Exercisable as at 31 December 2015	**82**	**147.75**	-	-

Notes to the financial statements *(continued)*

23 Share-Based Compensation Plans *(continued)*

Restricted shares outstanding

	Number of Restricted Shares	Weighted Average Fair Value at Grant Date
Restricted Shares at 28 June 2014	128	-
Granted	586	US$ 119.78
Transferred Out	-	-
Restricted Shares at 31 December 2015	**714**	**US$164.55**

The expense recognised for equity settled share-based payments in respect of employee services received during the 18 month period to 31 December 2015 was £66,762 (year ended 28 June 2014: £2,543).

During the period, the cost incurred by the company for options exercised totalled £Nil.

~~25~~24 Ultimate parent company

The immediate parent company at 31 December 2015 was Acacia Biopharma Limited, which is a company incorporated and registered in England (Company registration No. 04523667). Copies of the financial statements of Acacia Biopharma Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate parent company at 31 December 2015 was Perrigo Company Plc, a company incorporated and registered in Ireland.

The smallest group in which the financial statements are consolidated is Perrigo International Holdings LLC.

The largest group in which the financial statements are consolidated is Perrigo Company Plc.

Copies of the Perrigo Company Plc financial statements may be obtained from Treasury Building, Lower Grand Canal Street, Dublin 2, Ireland.