

Teva Laboratories UK Limited

Annual report and consolidated financial statements

for the year ended 31 December 2018

Company Number: 00532832



Teva Laboratories UK Limited

Annual report and consolidated financial statements for the year ended 31 December 2018

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Directors

D Cooper
K Innes

Registered office

Ridings Point, Whistler Drive, Castleford, West Yorkshire, United Kingdom, WF10 5HX

Company number

00532832

Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square, 29 Wellington Street, Leeds, LS1 4DL

Teva Laboratories UK Limited

Group strategic report for the year ended 31 December 2018

Review of the business

The company earns revenues in the form of income from its intangible assets, which represent trademarks and licences for goods sold by other group entities. These trademarks and licences are for pharmaceutical products sold in the UK, Europe and Asian markets.

Revenues and profit after tax for the financial year have increased by 114% and 80% respectively largely due to increased product sales.

The directors have performed an impairment review of its intangible assets and based upon estimated future cash flows expected to arise, no impairment has been made.

Key performance indicators are as follows:

	Year ended 31 December 2018 £'000	Restated Year ended 31 December 2017 £'000
Turnover	10,042	4,693
Gross profit	10,042	4,693
Operating profit after exceptional items	7,801	3,724
Profit after tax	6,534	3,640
Net assets	31,827	26,518

Principal risks and uncertainties

The directors consider that the key business risks and uncertainties affecting the company relate to competition from other manufacturers and distributors of pharmaceutical products.

Financial risk management

The main financial risks arising from the group's activities are interest rate risk, liquidity risk and foreign currency risk. These are monitored by the board of directors and were not considered to be significant at the balance sheet date.

Interest rate risk arises as a consequence of borrowings from group undertakings, the borrowings from which are at variable rates of interest. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

The company manages its liquidity risk by ensuring sufficient facilities are available for at least the next 12 months and enjoys the support of shareholders and Teva group banking arrangements.

The company is exposed to movements in foreign currency exchange rates as a result of transactions in foreign currencies. The company does not hedge against currency risks associated with such transactions.

On behalf of the Board



D Cooper - Director

Date: 27 September 2019

Teva Laboratories UK Limited

Directors' report for the year ended 31 December 2018

The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2018.

The company changed its name from Forest Laboratories UK Limited to Teva Laboratories UK Limited on 24 July 2018.

Principal activities and future developments

The principal activity of the Group during the year was generating income from its product brand names, trademarks and marketing authorisations for goods sold by other group entities. The directors expect these activities to continue in the future.

Results and dividends

A review of the business can be found in the Group strategic report.

No dividends were declared or paid in the financial year (2017: £nil). The directors do not recommend the payment of a final dividend (2017: £nil).

Charitable and political contributions

During the year the group made no charitable contributions (2017: £nil). There were no political contributions during the year (2017: £nil).

Going concern

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of Teva Pharmaceuticals Europe B.V., a fellow group company. The directors have received confirmation from Teva Pharmaceuticals Europe B.V. that it has pledged its continuing support for a minimum of 12 months from the date of signing these financial statements.

Prior year adjustment

The comparative figures for the year ended 31 December 2017 have been restated as certain income relating to 2017 had been over charged to a fellow group undertaking. See note 21 for further details.

Financial risk management

The directors' disclosure in relation to financial risk management is disclosed within the Group strategic report on page 1.

Directors

The directors of the Company during the year and up to the signing of these consolidated financial statements, were:

R Williams	(resigned 27 June 2018)
K Innes	
D Cooper	(appointed 12 July 2018)

None of the directors had any interest in the share capital of the group during the year or previous year.

Teva Laboratories UK Limited

Directors' report for the year ended 31 December 2018 (continued)

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 Section 1A "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 1A, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

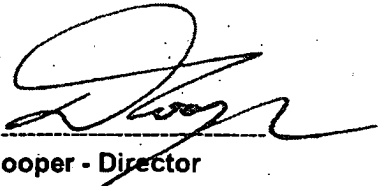
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Disclosure of information to auditors

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

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

On behalf of the Board



D Cooper - Director

Date: ~~27~~ September 2019

Teva Laboratories UK Limited

Independent auditors' report to the members of Teva Laboratories UK Limited

Report on the audit of the financial statements

Opinion

In our opinion, Teva Laboratories UK Limited's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" Section 1A, and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual report and consolidated financial statements (the "Annual Report"), which comprise: the consolidated and company balance sheets as at 31 December 2018; consolidated profit and loss account, consolidated statement of comprehensive income, and the consolidated and company statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's and company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the group's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Teva Laboratories UK Limited

Independent auditors' report to the members of Teva Laboratories UK Limited (continued)

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

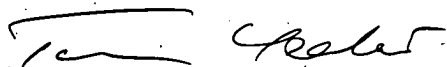
Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Tom Yeates (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

27 September 2019

Teva Laboratories UK Limited

Consolidated profit and loss account for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Restated (note 21) Year ended 31 December 2017 £
Turnover	5	10,041,903	4,693,040
Gross profit		10,041,903	4,693,040
Administrative expenses		(2,240,991)	(1,577,323)
Operating profit before exceptional items		7,800,912	3,115,717
Exceptional item	7	-	608,046
Operating profit after exceptional items	6	7,800,912	3,723,763
Interest receivable and similar income	9	251,779	50,108
Interest payable and similar expenses	9	(1,059)	(76,305)
Profit before taxation		8,051,632	3,697,566
Tax on profit	10	(1,517,952)	(57,332)
Profit for the financial year		6,533,680	3,640,234

The Group has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The profit for the Company for the financial year was £6,533,680 (2017: £3,640,234).

All activities in the current and prior year relate to continuing operations.

The notes on pages 10 to 22 form part of these financial statements.

Teva Laboratories UK Limited

Consolidated statement of comprehensive income for the year ended 31 December 2018

	Note	2018 £	Restated (note 21) 2017 £
Profit for the financial year		6,533,680	3,640,234
Other comprehensive (expense)/income			
Actual return less expected return on pension scheme assets	17	(696,000)	791,000
Change in assumptions underlying the present value of scheme liabilities	17	832,000	1,056,000
Derecognition of pension asset	17	(1,461,000)	(586,000)
Deferred tax recognised on pension fund timing differences	16	99,620	(313,990)
Other comprehensive (expense)/income for the year		(1,225,380)	947,010
Total comprehensive income for the year		5,308,300	4,587,244

The notes on pages 10 to 22 form part of these financial statements.

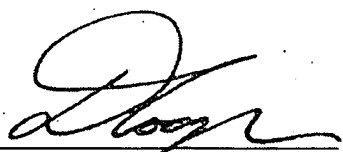
Teva Laboratories UK Limited

Consolidated and Company Balance Sheets as at 31 December 2018

	Note	Group 2018 £	Restated (note 21) Group 2017 £	Company 2018 £	Restated (note 21) Company 2017 £
Fixed assets					
Intangible assets	12	4,013,899	5,744,539	4,013,899	5,744,539
Tangible assets	11	118,112	161,493	118,112	161,493
Investment in subsidiary undertakings	13	-	-	100	100
		4,132,011	5,906,032	4,132,111	5,906,132
Current assets					
Debtors	14	34,368,453	23,607,706	34,368,453	23,607,706
Cash at bank and in hand		174,586	16,561	174,586	16,561
		34,543,039	23,624,267	34,543,039	23,624,267
Creditors: amounts falling due within one year	15	(6,848,319)	(2,912,248)	(6,848,419)	(2,912,348)
Net current assets		27,694,720	20,712,019	27,694,620	20,711,919
Total assets less current liabilities		31,826,731	26,618,051	31,826,731	26,618,051
Provisions for liabilities					
Post-employment benefits	17	-	-	-	-
Deferred taxation	16	-	(99,620)	-	(99,620)
Net assets		31,826,731	26,518,431	31,826,731	26,518,431
Capital and reserves					
Called up share capital	18	534,938	534,938	534,938	534,938
Retained earnings		31,291,793	25,983,493	31,291,793	25,983,493
Total shareholders' funds		31,826,731	26,518,431	31,826,731	26,518,431

The notes on pages 10 to 22 form part of these financial statements

The financial statements on pages 6 to 22 were authorised for issue by the board of directors on ~~27~~ September 2019 and were signed on its behalf.



D Cooper Director

Teva Laboratories UK Limited
Registered No.: 00532832

Teva Laboratories UK Limited

Consolidated and company statement of changes in equity for the year ended 31 December 2018

	Called up share capital £	Retained earnings £	Total Shareholders' funds £
Balance as at 1 January 2017	534,938	21,396,249	21,931,187
Profit for the financial year as restated (note 21)	-	3,640,234	3,640,234
Other comprehensive income for the year	-	947,010	947,010
Total comprehensive income for the year	-	4,587,244	4,587,244
Balance as at 31 December 2017	534,938	25,983,493	26,518,431
	£	£	£
Balance as at 1 January 2018	534,938	25,983,493	26,518,431
Profit for the financial year	-	6,533,680	6,533,680
Other comprehensive expense for the year	-	(1,225,380)	(1,225,380)
Total comprehensive income for the year	-	5,308,300	5,308,300
Balance as at 31 December 2018	534,938	31,291,793	31,826,731

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018

1 General information

Teva Laboratories UK Limited ("the Company") and its subsidiary, Pharmax Limited (together "the Group") operate in the pharmaceuticals sector. The Group's activity is generating income from its product brand names, trademarks and marketing authorisations for goods sold by other group entities. Pharmax Limited is dormant. The companies are private companies limited by shares and are incorporated in the United Kingdom and registered and domiciled in England. The address of the registered office is Ridings Point, Whistler Drive, Castleford, West Yorkshire, United Kingdom, WF10 5HX.

2 Statement of compliance

The Group and Company financial statements of Teva Laboratories UK Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 Section 1A Small Entities, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" and the Companies Act 2006.

The Group and Company have made additional disclosures to FRS 102 1A to ensure the financial statements give a true and fair view.

3 Accounting Policies

Basis of preparation of the financial statements

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary, Pharmax Limited, for the year ended 31 December 2018.

The accounting policies outlined below have been uniformly adopted across the Group. All profits/losses on intra group transactions have been eliminated in the consolidated profit and loss account.

Under section 408(3) of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company's individual profit for the financial year is £6,533,680 (2017: profit of £3,640,234).

Going Concern

The directors believe that preparing the financial statements on a going concern basis is appropriate due to the continued financial support of Teva Pharmaceuticals Europe B.V., a fellow group company. The directors have received confirmation from Teva Pharmaceuticals Europe B.V. that it has pledged its continuing support for a minimum of 12 months from the date of signing these financial statements.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Accounting policies (continued)

Financial reporting standard 102 1A - reduced disclosure exemptions

The group has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 1A "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The company has taken advantage of the exemption, under FRS 102 1A paragraph 1A.7, from preparing a statement of cash flows, on the basis that it is a small group;
- the financial instruments disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29, as the information is provided in the consolidated financial statement disclosures; and
- the requirements of Section 33 Related Party Disclosures paragraph 1AC.35.

Foreign currency

Foreign currency transactions are translated at the rates ruling when they occurred. Assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange profits and losses are included in the Group's trading results.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for services provided in the normal course of business, and is shown net of VAT and other sales related taxes. Turnover is recognised at the point of completion of the performance of services and the amount of revenue can be measured reliably.

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity respectively.

Current taxation

Current tax is the amount of income tax payable in respect of the taxable profits for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates the position taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Accounting policies (continued)

Deferred taxation

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved losses and other deferred tax assets are recognised only if it can be regarded as more likely than not that there will be taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date and that are expected to apply to the reversal of the timing difference.

Deferred tax assets and liabilities are not discounted.

Tangible fixed assets and depreciation

For all tangible fixed assets, depreciation is provided to write off the cost, less estimated residual values, evenly over their expected useful lives. It is calculated at the following rates:

Fixtures and fittings	- Up to 10 years
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Intangible fixed assets and amortisation

Intangible assets consist of purchased trademarks which are recorded at cost less accumulated amortisation. Amortisation is provided on a straight-line basis over the directors' estimate of the useful economic life of 10 years. Where factors such as technological advancement, commercial factors or changes in market price, indicate that residual value or useful economic life have changed, the residual value, useful life or amortisation rate are amended prospectively to reflect the new circumstances. The carrying value of intangible assets is periodically reviewed for such events or changes in circumstances, which may indicate that the carrying value is not recoverable and provision for impairment made accordingly. See note 12 for further details.

Brand names, licences and trade marks

The normal expenses of maintaining brand names, licences and trademarks are charged against the Group's trading results as incurred.

Investment in subsidiary undertakings

The investment in the subsidiary company is held at cost less accumulated impairment losses.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

3 Accounting policies (continued)

Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts.

Pension costs

The Employer operates a UK registered trust based pension scheme that provides defined benefits for some of its former employees. Pension benefits are linked to the members' final pensionable salaries and service at their retirement (or date of leaving if earlier). The Trustees are responsible for running the Scheme in accordance with the Scheme's Trust Deed and Rules, which sets out their powers. The Trustees of the Scheme are required to act in the best interests of the beneficiaries of the Scheme. The scheme is closed to future accrual. All contributions are made to separately administered funds.

There are two categories of pension scheme members:

- Deferred members: members who have defined benefits in the Scheme which are yet to commence; and
- Pensioner members: in receipt of pension.

Annually the Group engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments ('discount rate').

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet. The amount recognised in the balance sheet in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the Group's policy for similarly held assets. This includes the use of appropriate valuation techniques.

Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions and the return on plan assets, less amounts included in net interest are charged or credited to other comprehensive income.

The amount charged to operating profits, as part of staff costs, are the current service costs, administration expenses and gains and losses on settlements and curtailments.

4 Critical accounting judgments and estimation uncertainty

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equate the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

4 Critical accounting judgments and estimation uncertainty (continued)

Impairment of intangible assets (note 12)

Intangible assets held represent purchased trademarks and are recorded at cost less accumulated amortisation. Intangible assets are reviewed each year to ensure that their carrying value is recoverable. In completing this assessment, management rely on estimates from other group entities. These estimates include the level of expected future sales of products covered by the trademarks held and estimated licence fees, as well as clinical trial expenses.

Defined benefit pension scheme (note 17)

The Group has obligations to pay pension benefits to certain former employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management rely on estimates from advisors when considering these factors in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

5 Turnover

Turnover is attributable mainly to income from intellectual property for Over the Counter (OTC) pharmaceuticals.

Analysis of turnover by geography:

	Year ended 31 December 2018 £	Restated Year ended 31 December 2017 £
United Kingdom	5,149,116	-
Rest of Europe	4,664,549	4,503,758
Rest of the world	228,238	189,282
	10,041,903	4,693,040

6 Operating profit

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
This is arrived at after charging:		
Depreciation	43,381	36,551
Amortisation of intangible assets	1,730,640	1,730,640
Loss on foreign currency transactions	72,464	9,269

The audit fees for the company in 2018 and 2017 were borne by Teva UK Limited as a combined fee for the group. No recharge (2017: £nil) was made to Teva Laboratories UK Limited for this.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

7 Exceptional item

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Write back of amounts payable	-	608,046

Following a review of contractual arrangements the above amount was considered to be no longer payable and was written back.

8 Employees and directors

The company has no employees (2017: none).

The directors did not receive any emoluments in respect of their services to the group (2017: £nil). There were no other transactions with directors. The emoluments of the directors are paid by other group companies which make no recharges to the group. The directors are directors of a number of other group companies and it is not possible to make an accurate apportionment of their emoluments in respect of each of the companies.

9 Net interest payable

Interest receivable and similar income	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Intercompany interest receivable	213,797	49,856
Net interest income on post-employment benefits (note 17)	37,000	-
Bank interest	982	252
	251,779	50,108
Interest payable and similar expenses		
Net interest expense on post-employment benefits	-	(50,000)
Other interest payable	(1,059)	(26,305)
	(1,059)	(76,305)
Net interest receivable/(payable)		
Interest receivable and similar income	251,779	50,108
Interest payable and similar expenses	(1,059)	(76,305)
Net interest receivable/(payable)	250,720	(26,197)

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

10 Tax on profit

	Year ended 31 December 2018 £	Restated Year ended 31 December 2017 £
<i>a. Tax expense included in profit or loss</i>		
Current tax:		
UK corporation tax on profits for the year	1,286,301	96,600
Adjustments in respect of prior periods	231,651	(280,668)
Total current tax charge/(credit)	1,517,952	(184,068)
Deferred tax:		
Timing differences	-	241,400
Adjustments in respect of prior periods	-	-
Total deferred tax	-	241,400
Tax on profit	1,517,952	57,332
<i>b. Tax included in other comprehensive income</i>		
Deferred tax (credit)/charge	(99,620)	313,990
Total tax included in other comprehensive income	(99,620)	313,990
<i>c. Reconciliation of tax charge</i>		
Profit before taxation	8,051,632	3,697,566
Profit before taxation at the standard rate of corporation tax in the UK of 19% (2017: 19.25%)	1,529,810	711,781
Effects of:		
Expenses not deductible for tax purposes		8,445
Income not taxable	(243,509)	(117,049)
Adjustments in respect of prior periods	231,651	(280,668)
Group relief not paid for	-	(233,227)
Re-measurement of deferred tax – change in UK tax rate	-	(31,950)
Total tax charge	1,517,952	57,332

Tax future changes

Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2015 on 26 October 2015. These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and 18% from 1 April 2020. The Finance Bill 2016 replaced the 18% rate with 17% and was substantively enacted on 15 September 2016. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in the financial statements.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

11 Tangible assets

Group & company	Fixtures and fittings £
Cost	
At 1 January 2018 and 31 December 2018	564,256
Accumulated depreciation	
At 1 January 2018	402,763
Depreciation	43,381
At 31 December 2018	446,144
Net book amount	
At 31 December 2018	118,112
At 1 January 2018	161,493

12 Intangible assets

Group & company	Brand names licences & trademarks £
Cost	
At 1 January 2018 and 31 December 2018	23,326,649
Accumulated amortisation	
At 1 January 2018	17,582,110
Amortisation	1,730,640
At 31 December 2018	19,312,750
Net book amount	
At 31 December 2018	4,013,899
At 1 January 2018	5,744,539

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Notes to the financial statements for the year ended 31 December 2018 (continued)

13 Investments

Company

Subsidiaries and related companies

The following companies were incorporated in the UK and were dormant at 31 December 2018. The proportion of shares held is 100%.

<i>Subsidiary</i>	Unquoted shares at cost £
Pharmax Limited Cost and net book value at 31 December 2017 and 31 December 2018	100

The company holds 100% direct ownership of Pharmax Limited, a company incorporated in the United Kingdom. The registered address of Pharmax Limited is Ridings Point, Whistler Drive, Castleford, West Yorkshire, WF10 5HX.

14 Debtors

Group & company	31 December 2018 £	Restated 31 December 2017 £
Amounts owed by group undertakings	34,368,453	23,599,657
Taxation and social security	-	8,049
	34,368,453	23,607,706

Amounts owed by group undertakings include capital and interest receivable on unsecured loans, repayable on demand. Interest on this loan was charged at the 1 month London Inter-Bank Offer Rate plus 0% until 30 June 2018 and at the 1 month London Inter-Bank Offer Rate plus 0.66% from 1 July 2018. Other amounts owed by group undertakings are interest free.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

15 Creditors: amounts falling due within one year

	31 December 2018	Restated 31 December 2017	31 December 2018	Restated 31 December 2017
	Group		Company	
	£	£	£	£
Trade creditors	29,618	18,209	29,618	18,209
Amounts owed to Group undertakings	6,190,171	1,836,509	6,190,271	1,836,609
Corporation tax payable	172,320	606,796	172,320	606,796
Other taxation and social security	110,130	-	110,130	-
Accruals and deferred income	346,080	450,734	346,080	450,734
	6,848,319	2,912,248	6,848,419	2,912,348

Amounts owed to group undertakings include an unsecured loan on which interest is charged at the Inter-Bank Offered Rate plus 3.5%. Other amounts owed to group undertakings are interest free.

16 Provision for deferred tax

	Deferred tax provision £
As at 1 January 2018	99,620
Charge to other comprehensive income	(99,620)
As at 31 December 2018	-

Deferred tax relates to the defined benefit pension scheme.

17 Pension scheme

The Group operates a defined benefit pension scheme for the majority of its former employees who joined the scheme prior to 6 April 1993. Any new entrants to the Group's pension scheme between 6 April 1993 and 30 June 2010, joined a money purchase scheme. The assets of the scheme are held in a separate trustee administered fund. This scheme is now closed to new entrants and future benefit accrual.

At 31 December 2018, the scheme, which is contracted out of the state scheme, had assets of £11.3m (31 December 2017: £10.4m). A full actuarial valuation of the mixed benefits scheme was carried out at 30 June 2015 and updated to 31 December 2018 by a qualified independent actuary on an FRS 102 basis. The major assumptions used by the actuary were:

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

17 Pension scheme (continued)

	31 December 2018	31 December 2017
Discount rate	2.80%	2.55%
RPI Inflation assumption	3.10%	3.10%
Revaluation of deferred pensions (non-GMP)	3.10%	3.10%
Pension increases: 5% or RPI if less (LPI)	3.00%	2.90%
Mortality rate tables	S2PA CMI 2017 projections model, with a 1.25% long term trend rate	S2PA CMI 2015 projections model, with a 1.5% long term trend rate

Assumed life expectancy on retirement at age 60 (in years)

	31 December 2018		31 December 2017	
	Males	Females	Males	Females
Retiring at the end of the reporting period	27.4	29.4	28.3	30.5
Retiring 20 years after the end of the reporting period	29.0	31.0	30.7	32.9

Reconciliation of Scheme's assets and defined benefit obligation

	Assets £	Defined benefit obligation £	Net position £
At 1 January 2018	10,357,000	(9,771,000)	586,000
Benefits paid	(142,000)	142,000	-
Employer contributions	1,704,000	-	1,704,000
Interest income / (cost)	284,000	(247,000)	37,000
Past service cost	-	(181,000)	(181,000)
Administrative costs paid	(235,000)	-	(235,000)
Re-measurement gains / (losses):			
- Actuarial gains	-	832,000	832,000
- Loss on assets excluding interest income	(696,000)	-	(696,000)
At 31 December 2018	11,272,000	(9,225,000)	2,047,000

The funding shortfall has been eliminated by the date of approval of these financial statements by company Recovery Plan payments, as shown in the actuarial valuation of 31 March 2018. The company will continue to pay ongoing administrative expenses of the scheme of £165,000 per annum.

Net interest is recognised as an expense in the profit and loss account (note 9).

The company has recognised a 2% uplift on the liabilities of the schemes at 31 December 2018 to reflect the impact of GMP equalisation. This has been recognised through the profit and loss account in 2018 as a past service cost.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

17 Pension scheme (continued)

The fair value of the plan assets was:

Asset class	31 December 2018 £	31 December 2017 £
Equities	1,948,000	4,907,000
Property	-	1,010,000
Bonds	5,135,000	4,171,000
Liability driven investments	4,025,000	-
Cash	164,000	269,000
Total	11,272,000	10,357,000

The plans assets do not include any of the Group's financial instruments nor is any property occupied by any Group entity.

The return on the plan assets was:

	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Interest income	284,000	236,000
Return on assets excluding interest income	(696,000)	791,000
Total return on assets	(412,000)	1,027,000

Reconciliation to the statement of financial position (balance sheet)

	31 December 2018 £	31 December 2017 £
Market value of the assets	11,272,000	10,357,000
Present value of the defined benefit obligation	(9,225,000)	(9,771,000)
	2,047,000	586,000
Derecognition of pension asset	(2,047,000)	(586,000)
Pension liability recognised in the financial position before allowance for deferred tax	-	-

The pension asset has been derecognised as the surplus is not recoverable through reduced contributions or refunds from the plan.

18 Called up share capital

Company	31 December 2018 £	31 December 2017 £
<i>Issued and fully paid</i>		
2,150 (2017: 2,150) Ordinary shares of 10p each	215	215
21,500 (2017: 21,500) Deferred shares of 10p each	2,150	2,150
12% (2017: 12%) non-cumulative redeemable preference shares of £1 each	532,573	532,573
Total called up share capital	534,938	534,938

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2018 (continued)

18 Called up share capital (continued)

Ordinary shareholders have 1,000 votes per share and the right to all profits after payment of the preference dividend. On a winding up, following payment to the Preference Shareholders, Ordinary Shareholders will receive £100 per share and the balance of any assets following payment to Deferred Shareholders.

Deferred Shareholders have one vote per share, no rights to share in the profits and on a winding up, repayment of the amount paid up following payment to the preference shareholders and £100 per Ordinary Share.

Preference Shareholders have one vote per share and in a winding up, surplus assets remaining after payment of liabilities shall first be applied to repaying the paid up amount on their shares. The shares were issued on 26 May 1978 and can be redeemed only at the company's option. The company must give three months written notice of redemption. The shares would be redeemed at par value.

19 Related party transactions

The Group has taken advantage of the exemption allowed for Related Party Transactions (Section 1AC.35 of FRS 102 1A) not to disclose any transactions or balances with group members. There was no other activity with related parties other than fellow group companies.

20 Ultimate controlling party

The immediate parent undertaking is Teva Pharma Holdings Limited, a company incorporated in the UK.

As of 31 December 2018, the largest and smallest group into which the results of the company are consolidated is that headed by Teva Pharmaceutical Industries Limited, a company incorporated in Israel. Copies of Teva Pharmaceutical Industries Limited's financial statements can be obtained from 5 Basel St., Petach Tikva 49131, Israel.

21 Prior year adjustment

The comparative figures for the year ended 31 December 2017 have been restated as certain income relating to 2017 had been over charged to a fellow group undertaking. This has been retrospectively corrected as shown in the table below:

	As reported 2017 £	Adjustment made £	Restated 2017 £
Profit and loss account			
Turnover	7,899,160	(3,206,120)	4,693,040
Tax on profit	(674,510)	617,178	(57,332)
Balance sheet			
Amounts owed by group undertakings	26,805,777	(3,206,120)	23,599,657
Corporation tax	(1,223,974)	617,178	(606,796)
Movement in equity			
At 1 January 2017	21,931,187	-	21,931,187
Total comprehensive income for the year	7,176,186	(2,588,942)	4,587,244
At 31 December 2017	29,107,373	(2,588,942)	26,518,431