

**Teva Laboratories UK Limited  
(formerly Forest Laboratories UK  
Limited)**

Annual report and consolidated financial statements  
for the year ended 31 December 2017

Company Number: 00532832



# **Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)**

## **Annual report and consolidated financial statements for the year ended 31 December 2017**

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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 (formerly Forest Laboratories UK Limited)**

## **Group strategic report for the year ended 31 December 2017**

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### **Review of the business**

On 2 August 2016, Teva Pharmaceutical Industries Limited acquired the worldwide generics business of Allergan Plc. As part of the process to complete the transaction in the UK, regulatory approval was required from the European Commission, which ruled that part of the acquired business must subsequently be divested. Following the ruling from the European Commission, the company divested product licences for a value of £1,068,000 to Actavis UK Limited and this amount was recognised as other operating income in the profit and loss account in 2016.

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 declined by 46.9% and 33.0% respectively largely due to the above mentioned divestment of product licenses.

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:**

	<b>Year ended 31 December 2017 £'000</b>	<b>Year ended 31 December 2016 £'000</b>
Turnover	<b>7,899</b>	14,878
Gross profit	<b>7,899</b>	14,878
Operating profit	<b>6,930</b>	11,356
Profit after tax	<b>6,229</b>	9,304
Net assets	<b>29,107</b>	21,931

### **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.

# **Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)**

## **Group strategic report for the year ended 31 December 2017 (continued)**

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### **Financial risk management**

The main financial risks arising from the group's activities are credit risk, 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.

The company has implemented policies that require appropriate credit checks on customers before sales are made and the amount of exposure to any individual counterparty is subject to a limit, which is assessed regularly by management.

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: **25** October 2018

# **Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)**

## **Directors' report for the year ended 31 December 2017**

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The directors present their report together with the audited consolidated financial statements for the year ended 31 December 2017.

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

### **Principal activities**

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.

### **Future developments**

The directors believe that the company is in a strong position to benefit from the increased market access and product marketing expertise it has access to following acquisition of the company by Teva Pharmaceutical Industries Limited.

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

### **Charitable and political contributions**

During the year the group made no charitable contributions (2016: £nil). There were no political contributions during the year (2016: £nil).

# **Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)**

## **Directors' report for the year ended 31 December 2017 (continued)**

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### **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.

### **Financial risk management**

The directors' disclosure in relation to financial risk management is disclosed within the Group strategic report on page 2.

### **Directors**

The directors of the Company during the year and up to the signing of these consolidated financial statements, unless otherwise stated, 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.

### **Statement of directors' responsibilities**

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 "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, 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.

# **Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)**

## **Directors' report for the year ended 31 December 2017 (continued)**

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### **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: **25** October 2018

# **Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)**

## **Independent auditors' report to the members of Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)**

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### **Report on the audit of the financial statements**

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#### **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 2017 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", 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 2017; the consolidated profit and loss account, the 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.

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#### **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.

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#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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.

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.

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#### **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 (formerly Forest Laboratories UK Limited)**

## **Independent auditors' report to the members of Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)**

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### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the 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.

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### **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 set out on page 4, 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](http://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.

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### **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.



Randal Casson (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
25 October 2018

# Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)

## Consolidated profit and loss account for the year ended 31 December 2017

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
<b>Turnover</b>	5	7,899,160	14,878,026
<b>Gross profit</b>		7,899,160	14,878,026
Administrative expenses		(1,577,323)	(4,590,347)
Other operating income		-	1,068,000
<b>Operating profit before exceptional items</b>		6,321,837	11,355,679
Exceptional item	7	608,046	-
<b>Operating profit after exceptional items</b>	6	6,929,883	11,355,679
Interest receivable and similar income	9	50,108	48,760
Interest payable and similar expenses	9	(76,305)	(100,860)
<b>Profit before taxation</b>		6,903,686	11,303,579
Tax on profit	10	(674,510)	(2,000,007)
<b>Profit for the financial year</b>		6,229,176	9,303,572

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 £6,229,176 (2016: £9,303,572).

The notes on pages 12 to 24 form part of these financial statements.

# Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)

## Consolidated statement of comprehensive income for the year ended 31 December 2017

	Note	2017 £	2016 £
<b>Profit for the financial year</b>		<b>6,229,176</b>	<b>9,303,572</b>
<b>Other comprehensive income/(expense)</b>			
Actual return less expected return on pension scheme assets	17	<b>791,000</b>	526,000
Change in assumptions underlying the present value of scheme liabilities	17	<b>1,056,000</b>	(2,594,000)
Derecognition of pension asset	17	<b>(586,000)</b>	-
Deferred tax recognised on pension fund timing differences	16	<b>(313,990)</b>	351,560
<b>Other comprehensive income/(expense) for the year</b>		<b>947,010</b>	<b>(1,716,440)</b>
<b>Total comprehensive income for the year</b>		<b>7,176,186</b>	<b>7,587,132</b>

The notes on pages 12 to 24 form part of these financial statements.

# Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)

## Consolidated and Company Balance Sheets as at 31 December 2017

	Note	Group 2017 £	Group 2016 £	Company 2017 £	Company 2016 £
<b>Fixed assets</b>					
Intangible assets	12	5,744,539	7,475,179	5,744,539	7,475,179
Tangible assets	11	161,494	198,045	161,494	198,045
Investment in subsidiary undertakings	13	-	-	100	100
		<b>5,906,033</b>	<b>7,673,224</b>	<b>5,906,133</b>	<b>7,673,324</b>
<b>Current assets</b>					
Debtors	14	26,813,826	21,919,952	26,813,826	21,919,952
Cash at bank and in hand		16,561	139,060	16,561	139,060
		<b>26,830,387</b>	<b>22,059,012</b>	<b>26,830,387</b>	<b>22,059,012</b>
<b>Creditors: amounts falling due within one year</b>	15	<b>(3,529,426)</b>	<b>(5,120,049)</b>	<b>(3,529,526)</b>	<b>(5,120,149)</b>
<b>Net current assets</b>		<b>23,300,961</b>	<b>16,938,963</b>	<b>23,300,861</b>	<b>16,938,863</b>
<b>Total assets less current liabilities</b>		<b>29,206,993</b>	<b>24,612,187</b>	<b>29,206,993</b>	<b>24,612,187</b>
<b>Provisions for liabilities</b>					
Post-employment benefits	17	-	(2,681,000)	-	(2,681,000)
Deferred taxation	16	(99,620)	-	(99,620)	-
<b>Net assets</b>		<b>29,107,373</b>	<b>21,931,187</b>	<b>29,107,373</b>	<b>21,931,187</b>
<b>Capital and reserves</b>					
Called up share capital	18	534,938	534,938	534,938	534,938
Retained earnings		28,572,435	21,396,249	28,572,435	21,396,249
<b>Total shareholders' funds</b>		<b>29,107,373</b>	<b>21,931,187</b>	<b>29,107,373</b>	<b>21,931,187</b>

The notes on pages 12 to 24 form part of these financial statements

The financial statements on pages 8 to 24 were authorised for issue by the board of directors on 25 October 2018 and were signed on its behalf.



D Cooper - Director

Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)  
Registered No.: 00532832

# Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)

## Consolidated and company statement of changes in equity for the year ended 31 December 2017

	Called up share capital £	Retained earnings £	Total Shareholders' funds £
<b>Balance as at 1 January 2016</b>	<b>534,938</b>	<b>13,809,117</b>	<b>14,344,055</b>
Profit for the financial year	-	9,303,572	9,303,572
Other comprehensive expense for the year	-	(1,716,440)	(1,716,440)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>7,587,132</b>	<b>7,587,132</b>
<b>Balance as at 31 December 2016</b>	<b>534,938</b>	<b>21,396,249</b>	<b>21,931,187</b>
	£	£	£
<b>Balance as at 1 January 2017</b>	<b>534,938</b>	<b>21,396,249</b>	<b>21,931,187</b>
Profit for the financial year	-	6,229,176	6,229,176
Other comprehensive income for the year	-	947,010	947,010
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>7,176,186</b>	<b>7,176,186</b>
<b>Balance as at 31 December 2017</b>	<b>534,938</b>	<b>28,572,435</b>	<b>29,107,373</b>

# **Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)**

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

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### **1 General information**

Teva Laboratories UK Limited (formerly Forest 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 company is a private company limited by shares and is 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 (formerly Forest Laboratories UK Limited) have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### **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 2017.

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 £6,229,176 (2016: profit of £9,303,572).

#### *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 (formerly Forest Laboratories UK Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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### **3 Accounting policies (continued)**

#### *Financial reporting standard 102 - reduced disclosure exemptions*

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

- The company has taken advantage of the exemption, under FRS 102 paragraph 1.12 (b), from preparing a statement of cash flows, on the basis that it is a qualifying group and its ultimate parent company, Teva Pharmaceutical Industries Limited, includes the company and group's cash flows in its own consolidated financial statements;
- 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 33.7.

#### *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.

#### *Research and development*

Research and development expenditure is written off in the year in which it is incurred.

#### *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 is 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 (formerly Forest Laboratories UK Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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### **3 Accounting policies (continued)**

#### *Deferred taxation*

Deferred tax is recognised on all timing differences at the reporting date. 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:

Plant, machinery, 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 (formerly Forest Laboratories UK Limited)

## Notes to the financial statements for the year ended 31 December 2017 (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 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.

#### *Leased assets*

All leases are treated as operating leases. Their annual rentals are charged to the profit and loss account.

### 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 (formerly Forest Laboratories UK Limited)

## Notes to the financial statements for the year ended 31 December 2017 (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 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 2017 £	Year ended 31 December 2016 £
United Kingdom	3,097,955	7,481,191
Rest of Europe	4,611,923	6,812,701
Rest of the world	189,282	584,134
	<b>7,899,160</b>	<b>14,878,026</b>

### 6 Operating profit

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
This is arrived at after charging / (crediting):		
Depreciation	36,551	45,724
Amortisation of intangible assets	1,730,640	1,923,065
Research and development expenditure	-	356,477
Loss on foreign currency transactions	9,269	629,344
Auditors' remuneration:		
- audit services	-	24,675
Loss on disposal of intangible assets	-	424,200
Impairment of intangible fixed assets	-	438,400
Profit on disposal of licences sold to Actavis UK Limited	-	(1,068,000)

The audit fees for the company in 2017 have been provided through Teva UK Limited as a combined fee for the group. No recharge (2016: £nil) is made to Teva Laboratories UK Limited for this.

# Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 7 Exceptional items

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Write back of amounts payable	608,046	-

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

### 8 Employees and directors

The company has no employees (2016: none).

The directors did not receive any emoluments in respect of their services to the group (2016: £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.

There are no key management personnel in the group (2016: none), and therefore no disclosure has been made.

### 9 Net interest payable

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
<b>Interest receivable and similar income</b>		
Intercompany interest receivable	49,856	47,746
Bank interest	252	1,014
	<b>50,108</b>	<b>48,760</b>
<b>Interest payable and similar expenses</b>		
Intercompany interest payable	-	(49,860)
Net interest expense on post-employment benefits	(50,000)	(51,000)
Other interest payable	(26,305)	-
	<b>(76,305)</b>	<b>(100,860)</b>
<b>Net interest payable</b>		
Interest receivable and similar income	50,108	48,760
Interest payable and similar expenses	(76,305)	(100,860)
<b>Net interest payable</b>	<b>(26,197)</b>	<b>(52,100)</b>

# Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 10 Tax on profit

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
<i>a. Tax expense included in profit or loss</i>		
<b>Current tax:</b>		
UK corporation tax on profits for the year	713,778	1,964,661
Adjustments in respect of prior periods	(280,668)	(335,464)
<b>Total current tax charge</b>	<b>433,110</b>	<b>1,629,197</b>
<b>Deferred tax:</b>		
Timing differences	241,400	280,810
Adjustments in respect of prior periods	-	90,000
<b>Total deferred tax</b>	<b>241,400</b>	<b>370,810</b>
<b>Tax on profit</b>	<b>674,510</b>	<b>2,000,007</b>
<i>b. Tax included in other comprehensive income</i>		
Deferred tax	(313,990)	351,560
<b>Total tax included in other comprehensive income</b>	<b>(313,990)</b>	<b>351,560</b>
<i>c. Reconciliation of tax charge</i>		
Profit before taxation	6,903,686	11,303,579
Profit before taxation at the standard rate of corporation tax in the UK of 19.25% (2016: 20%)	1,328,960	2,260,716
Effects of:		
Expenses not deductible for tax purposes	8,444	9,145
Income not taxable	(117,049)	-
Adjustments in respect of prior periods	(280,668)	(245,464)
Group relief not paid for	(233,227)	-
Re-measurement of deferred tax – change in UK tax rate	(31,950)	(24,390)
<b>Total tax charge</b>	<b>674,510</b>	<b>2,000,007</b>

### 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 (formerly Forest Laboratories UK Limited)

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 11 Tangible assets

Group & company	Furniture, fixtures and fittings £	Plant and machinery £	Total £
<b>Cost</b>			
At 1 January 2017	468,653	564,256	1,032,909
Disposals	(468,653)	-	(468,653)
At 31 December 2017	-	564,256	564,256
<b>Accumulated depreciation</b>			
At 1 January 2017	468,653	366,211	834,864
Disposals	(468,653)	-	(468,653)
Depreciation	-	36,551	36,551
At 31 December 2017	-	402,762	402,762
<b>Net book amount</b>			
At 31 December 2017	-	161,494	161,494
At 1 January 2017	-	198,045	198,045

### 12 Intangible assets

Group & company	Brand names licences & trademarks £
<b>Cost</b>	
At 1 January 2017 and 31 December 2017	23,326,649
<b>Accumulated amortisation</b>	
At 1 January 2017	15,851,470
Amortisation	1,730,640
At 31 December 2017	17,582,110
<b>Net book amount</b>	
At 31 December 2017	5,744,539
At 1 January 2017	7,475,179

# Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 13 Investments

#### Company

#### *Subsidiaries and related companies*

The following companies were incorporated in the UK and were dormant at 31 December 2017. The proportion of shares held is 100%.

<i>Subsidiary</i>	Unquoted shares at cost £
Pharmax Limited	
Cost and net book value at 31 December 2016 and 31 December 2017	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.

The company does not own any other related undertakings.

### 14 Debtors

Group & company	31 December 2017 £	31 December 2016 £
Amounts owed by group undertakings	26,805,777	21,092,249
Deferred tax asset	-	455,770
Taxation and social security	8,049	371,933
	<b>26,813,826</b>	<b>21,919,952</b>

Amounts owed by group undertakings include capital and interest receivable on unsecured loans, repayable on demand. Interest on these loans is charged at variable rates. Other amounts owed by group undertakings are interest free.

# Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 15 Creditors: amounts falling due within one year

	31 December 2017 Group £	31 December 2016 £	31 December 2017 Company £	31 December 2016 £
Trade creditors	18,209	120,555	18,209	120,555
Amounts owed to Group undertakings	1,836,509	1,041,838	1,836,609	1,041,938
Corporation tax payable	1,223,974	2,731,033	1,223,974	2,731,033
Accruals and deferred income	450,734	1,226,623	450,734	1,226,623
	<b>3,529,426</b>	<b>5,120,049</b>	<b>3,529,526</b>	<b>5,120,149</b>

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 2017	(455,770)
Charge to profit and loss account	241,400
Charge to other comprehensive income	313,990
<b>As at 31 December 2017</b>	<b>99,620</b>

The 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 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 2017, the scheme, which is contracted out of the state scheme, had assets of £10.4m (31 December 2016: £8.8m). The group will pay a minimum of £1,704,000 per annum until 28 February 2019 in order to reduce the deficit in the scheme. A full actuarial valuation of the mixed benefits scheme was carried out at 30 June 2015 and updated to 31 December 2017 by a qualified independent actuary on an FRS 102 basis. The major assumptions used by the actuary were:

# Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 17 Pension scheme (continued)

	31 December 2017	31 December 2016
Discount rate	2.6%	2.6%
RPI Inflation assumption	3.1%	3.5%
Revaluation of deferred pensions (non-GMP)	3.1%	3.5%
Pension increases: 5% or RPI if less (LPI)	2.9%	3.2%
Mortality rate tables	S2PA CMI_2014_M/F [1.25%] (yob)	S2PA CMI_2014_M/F [1.25%] (yob)

### Assumed life expectancy on retirement at age 60 (In years)

	31 December 2017		31 December 2016	
	Males	Females	Males	Females
Retiring at the end of the reporting period	28.3	30.5	27.1	29.3
Retiring 20 years after the end of the reporting period	30.7	32.9	29.0	31.3

### Reconciliation of Scheme's assets and defined benefit obligation

	Assets £	Defined benefit obligation £	Net position £
At 1 January 2017	8,809,000	(11,490,000)	(2,681,000)
Benefits paid	(949,000)	949,000	-
Employer contributions	1,704,000	-	1,704,000
Interest income / (cost)	236,000	(286,000)	(50,000)
Administrative costs paid	(234,000)	-	(234,000)
Re-measurement gains / (losses):			
- Actuarial gains	-	1,056,000	1,056,000
- Return on assets excluding interest income	791,000	-	791,000
At 31 December 2017	10,357,000	(9,771,000)	586,000

Net interest recognised as an expense, see note 9.

### The fair value of the plan assets was:

Asset class	31 December 2017 £	31 December 2016 £
Equities	4,907,000	4,880,000
Property	1,010,000	18,000
Bonds	4,171,000	1,057,000
Cash	269,000	2,854,000
Total	10,357,000	8,809,000

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 2017 £	Year ended 31 December 2016 £
Interest income	236,000	279,000
Return on assets excluding interest income	791,000	526,000
Total return on the assets	1,027,000	805,000



# Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)

## Notes to the financial statements for the year ended 31 December 2017 (continued)

### 17 Pension scheme (continued)

Reconciliation to the statement of financial position (balance sheet)

	31 December 2017 £	31 December 2016 £
Market value of the assets	10,357,000	8,809,000
Present value of the defined benefit obligation	(9,771,000)	(11,490,000)
	586,000	(2,681,000)
Derecognition of pension asset	(586,000)	-
<b>Pension liability recognised in the financial position before allowance for deferred tax</b>	<b>-</b>	<b>(2,681,000)</b>

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 2017 £	31 December 2016 £
<i>Issued and fully paid</i>		
2,150 (2016: 2,150) Ordinary shares of 10p each	215	215
21,500 (2016: 21,500) Deferred shares of 10p each	2,150	2,150
12% (2016:12%) non-cumulative redeemable preference shares of £1 each	532,573	532,573
<b>Total called up share capital</b>	<b>534,938</b>	<b>534,938</b>

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 Group's option. The Group 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 33 of FRS 102) not to disclose any transactions or balances with group members. There was no other activity with related parties other than fellow group companies.

# **Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited)**

## **Notes to the financial statements for the year ended 31 December 2017 (continued)**

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### **20 Ultimate controlling party**

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

The ultimate parent undertaking of the company up until 2 August 2016 was Allergan Plc, a company registered in Republic of Ireland. On 3 August 2016 Allergan Plc divested its international generics business to Teva Pharmaceutical Industries Limited. As a result of the divestment the ultimate parent company and controlling party of Teva Laboratories UK Limited (formerly Forest Laboratories UK Limited) is now considered by the directors to be Teva Pharmaceutical Industries Limited.

As of 31 December 2017, 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.