

Registered number 00532832

Teva Laboratories UK Limited
Annual report and financial statements
for the year ended 31 December 2022



Teva Laboratories UK Limited

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Teva Laboratories UK Limited

Company information

Directors

S Charlesworth
K Innes

Registered office

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

Bankers

Barclays Bank Plc, Churchill Place, Canary Wharf, London, E14 5HP

Company number

00532832

Independent auditors

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

Teva Laboratories UK Limited

Strategic report for the year ended 31 December 2022

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 companies. These trademarks and licences are for pharmaceutical products sold in the UK, European and Asian markets.

Turnover and profit after taxation for the financial year increased by 27% and 41% respectively, which is mainly due to higher sales in European markets.

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 recognised.

Key performance indicators are as follows:

	2022	2021
	£'000	£'000
Turnover	27,041	21,300
Gross profit	27,041	21,300
Operating profit	28,410	19,555
Profit for the financial year	25,367	17,980
Net assets	97,452	71,967

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. The company's financial performance is dependent on the other group companies' financial performance from sales of goods for which the company holds trademarks/licences and derives income. These group companies seek to mitigate competition risk by evaluating portfolio performance, leveraging global supply chain routes, and developing go-to-market strategies.

Financial risk management

The main financial risks arising from the company'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 loans to group undertakings, 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 that 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

DocuSigned by:

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S Charlesworth
Director

Date: 20-Jul-2023 | 08:42 BST

Teva Laboratories UK Limited

Directors' report for the year ended 31 December 2022

The directors present their report together with the audited financial statements for the year ended 31 December 2022.

Principal activities and future developments

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

Results and dividends

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

No dividends were declared or paid during the financial year (2021: £nil). The directors do not recommend the payment of a final dividend (2021: £nil).

Charitable and political contributions

The company made no charitable or political contributions during the year (2021: £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.

Financial risk management

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

Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

Directors

The directors of the company during the year and up to the signing of these financial statements were:

K Innes
S Charlesworth

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

Teva Laboratories UK Limited

Directors' report for the year ended 31 December 2022 (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 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, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing 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 company will continue in business.

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

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

Directors' confirmations

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 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 company's auditors are aware of that information.

This report was approved by the board signed on its behalf by:

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S Charlesworth
Director

Date: 20-Jul-2023 | 08:42 BST

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 financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including 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 financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2022; the profit and loss account, the statement of comprehensive income and the 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 company 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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.

Teva Laboratories UK Limited

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

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 our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

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 2022 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 company and its 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, 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 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 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to UK tax legislation and the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the recoverability of debtors and adjustments related to revenue. Audit procedures performed by the engagement team included:

- discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- reviewing the financial position of the debtor counterparties to gain comfort over recoverability;
- considering information up to the date of approval of the financial statements to assess the accuracy of transfer pricing adjustments and royalty income recorded in the financial statements; and
- reviewing financial statement disclosures and testing to supporting documentation, where appropriate, to assess compliance with applicable laws and regulations.

Teva Laboratories UK Limited

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

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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.

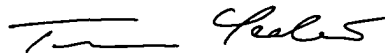
Other required reporting

Companies Act 2006 exception reporting

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

- we have not obtained 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 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

21 July 2023

Teva Laboratories UK Limited

Profit and loss account for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Turnover	5	27,041	21,300
Gross profit		27,041	21,300
Administrative expenses		(294)	(591)
Other operating gains/(losses)	6	1,663	(1,154)
Operating profit	6	28,410	19,555
Interest receivable and similar income	8	2,726	2,043
Profit before taxation		31,136	21,598
Tax on profit	9	(5,769)	(3,618)
Profit for the financial year		25,367	17,980

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

Teva Laboratories UK Limited

Statement of comprehensive income for the year ended 31 December 2022

	Note	2022 £'000	2021 £'000
Profit for the financial year		25,367	17,980
Other comprehensive income/(expense):			
Actual return less expected return on pension scheme assets	14	(6,477)	(663)
Change in assumptions underlying the present value of scheme liabilities	14	5,374	923
Impact of asset ceiling on recognition of pension asset	14	1,221	(262)
Other comprehensive income/(expense) for the year		118	(2)
Total comprehensive income for the year		25,485	17,978

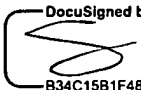
Teva Laboratories UK Limited

Balance sheet as at 31 December 2022

	Note	2022 £'000	2021 £'000
Fixed assets			
Intangible assets	10	-	28
Investments	11	-	-
		-	28
Current assets			
Debtors (including £35,000,000 (2021: £35,000,000) due after more than one year)	12	111,139	79,836
Cash at bank and in hand		-	3
		111,139	79,839
Creditors: amounts falling due within one year	13	(13,687)	(7,900)
Net current assets		97,452	71,939
Total assets less current liabilities		97,452	71,967
Net assets		97,452	71,967
Capital and reserves			
Called up share capital	15	535	535
Profit and loss account		96,917	71,432
Total shareholders' funds		97,452	71,967

The notes on pages 12 to 22 form part of these financial statements.

The financial statements on pages 8 to 22 were authorised for issue by the board of directors and were signed on its behalf by:

DocuSigned by:

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S Charlesworth
Director

Date: 20-Jul-2023 | 08:42 BST

Registered number: 00532832

Teva Laboratories UK Limited

Statement of changes in equity for the year ended 31 December 2022

	Called up share capital	Profit and loss account	Total Shareholders' funds
	£'000	£'000	£'000
At 1 January 2021	535	53,454	53,989
Profit for the financial year	-	17,980	17,980
Other comprehensive expense for the year	-	(2)	(2)
Total comprehensive income for the year	-	17,978	17,978
At 31 December 2021	535	71,432	71,967
Profit for the financial year	-	25,367	25,367
Other comprehensive income for the year	-	118	118
Total comprehensive income for the year	-	25,485	25,485
At 31 December 2022	535	96,917	97,452

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022

1 General information

The company is a private company limited by shares and is incorporated in the United Kingdom under the Companies Act 2006 and registered in England. The address of its registered office is Ridings Point, Whistler Drive, Castleford, West Yorkshire, England, WF10 5HX.

2 Statement of compliance

The financial statements of Teva Laboratories UK Limited have been prepared in accordance with the Companies Act 2006 and applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102").

3 Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Basis of preparation of the financial statements

The financial statements have been prepared on a going concern basis and under the historical cost convention. The preparation is in conformity with FRS 102 and requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Critical accounting judgements and estimates made by management are described on page 15.

Consolidated financial statements

Following several years of dormancy, the company's subsidiary, Pharmax Limited, was dissolved during the current year. These financial statements contain information about Teva Laboratories UK Limited as an individual company and do not contain consolidated financial information as a former parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, as it and its former subsidiary undertaking are included by full consolidation in the consolidated financial statements of its ultimate parent company, Teva Pharmaceutical Industries Limited, a company incorporated in Israel and whose financial statements are publicly available from the address in note 17.

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 Reporting Standard 102 - reduced disclosure exemptions

The company 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 requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv);
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

Cash flow statement

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 entity and its ultimate parent company, Teva Pharmaceutical Industries Limited, includes the company's cash flows in its own consolidated financial statements.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Significant accounting policies (continued)

Foreign currency

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

Turnover

Turnover is recognised at the 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 tax

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.

Deferred tax

Deferred taxes arise from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Intangible assets and amortisation

Intangible assets consist of brand names, licences and 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 a provision for impairment is made accordingly. See note 10 for further details.

Brand names, licences and trademarks

The normal expenses of maintaining any brand names, licences and trademarks which the company holds are borne by other fellow group companies involved in the selling of the related pharmaceutical products, and are included as part of transfer pricing adjustments within revenue from fellow group companies, disclosed as Turnover on the face of the profit and loss account.

Cash at bank and in hand

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

Investments

Investment in subsidiary companies are held at cost less accumulated impairment losses.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

3 Significant accounting policies (continued)

Pension costs

The company 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 company engages an independent actuary 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').

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, with any scheme surplus only recognised to the extent that it is considered recoverable.

The fair value of plan assets is measured in accordance with the FRS 102 fair value hierarchy and in accordance with the company'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.

Administrative expenses and gains and losses on settlements and curtailments are charged to operating profits, as part of staff costs.

Financial instruments

The company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments. Basic financial assets and liabilities, including cash and amounts due to or from fellow group companies are initially recognised at transaction price. If the arrangement constitutes a financing transaction, it is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets are derecognised when the contractual rights to the cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party. Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

4 Critical accounting estimates and judgements

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. Actual results may differ from these estimates.

Critical accounting judgements

The following accounting judgements have had the most significant effect on amounts recognised in the financial statements:

Defined benefit pension scheme (note 14)

Scheme surplus is only recognised to the extent that it is considered recoverable. The pension asset has been restricted as it is of the directors' expectations the surplus is not recoverable through reduced future contributions or refunds from the plan.

Critical accounting estimates and assumptions

The following estimates have had the most significant effect on amounts recognised in the financial statements.

Impairment of intangible assets (note 10)

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 companies. 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 14)

The company 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 mainly attributable to income from intellectual property for Over the Counter (OTC) pharmaceutical products sold by fellow group companies.

Analysis of turnover by geography:	2022	2021
	£'000	£'000
United Kingdom	14,807	12,423
Europe	10,769	7,674
Rest of the world	1,465	1,203
	27,041	21,300

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

6 Operating profit

Operating profit is stated after charging/(crediting):

	2022	2021
	£'000	£'000
Amortisation of intangible assets	28	444
(Gain)/loss on foreign currency translation	(1,663)	1,154

Auditors' remuneration for the audit of the company of £16,000 (2021: £15,000) was borne by a fellow group undertaking, Teva UK Limited, as a combined fee for the group. No recharge (2021: £nil) was made to Teva Laboratories UK Limited for this. Auditors' remuneration for non-audit services during the year was £nil (2021: £nil).

7 Employees, directors and staff costs

The company has no employees (2021: none). The only staff costs incurred during the year are in relation to administrative expenses of the defined benefit pension scheme for former employees and amounted to £267,000 (2021: £165,000).

The directors did not receive any emoluments in respect of their services to the company during the year (2021: £nil). There were no other transactions with directors (2021: none). The emoluments of the directors are paid by a fellow group company, Teva UK Limited, which made no recharge (2021: £nil) to the company. 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.

8 Interest receivable and similar income

	2022	2021
	£'000	£'000
Intercompany interest receivable	2,725	2,041
Net interest income on post-employment benefits (note 14)	-	2
Other interest receivable	1	-
	2,726	2,043

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

9 Tax on profit

	2022	2021
<i>a. Tax expense included in profit or loss</i>	£'000	£'000
Current tax:		
UK corporation tax on profit for the year	5,824	4,103
Adjustments in respect of previous periods	(55)	(485)
Total current tax charge	5,769	3,618
Deferred tax:		
Total deferred tax	-	-
Tax on profit	5,769	3,618
	2022	2021
<i>b. Reconciliation of tax charge</i>	£'000	£'000
Profit before taxation	31,136	21,598
Profit before taxation at the standard rate of corporation tax in the UK of 19% (2021: 19%)	5,916	4,104
Effects of:		
Income not taxable for tax purposes	(92)	(1)
Adjustments in respect of previous periods	(55)	(485)
Total tax charge	5,769	3,618

Future tax rate changes

The standard rate of UK corporation tax is 19% and this took effect from 1 April 2017. However, in March 2021, the Finance Bill 2021 included measures to increase the standard rate of UK corporation tax to 25% with effect from 1 April 2023. The Finance Bill 2021 was enacted during May 2021 and therefore deferred taxes on the balance sheet have been measured at 25% (2021: 25%), which represents the future corporation tax rate that was enacted at the balance sheet date and that is expected to apply to the reversal of the timing difference.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

10 Intangible assets

	Brand names, licences & trademarks £'000
<i>Cost</i>	
At 1 January 2022 and at 31 December 2022	23,327
<i>Accumulated amortisation</i>	
At 1 January 2022	23,299
Amortisation	28
At 31 December 2022	23,327
<i>Net book value</i>	
At 31 December 2022	-
At 31 December 2021	28

11 Investments

On 7 September 2021 the company's 100% owned direct subsidiary company, Pharmax Limited, a company incorporated in the United Kingdom under the Companies Act 2006, was placed into liquidation following several years of dormancy. On 15 December 2022 Pharmax Limited was dissolved.

The registered address of Pharmax Limited was 30 Finsbury Square, London, EC2A 1AG.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

12 Debtors

	2022	2021
	£'000	£'000
Amounts owed by group undertakings	111,136	79,835
Other debtors	3	1
	111,139	79,836

Amounts owed by group undertakings includes £35,000,000 (2021: £35,000,000) owed by group undertakings falling due after more than one year as a result of the company entering into a 10 year deposit agreement with a fellow group undertaking. This amount is receivable during 2030, with interest charged equal to the aggregate of the three month London Inter-Bank Offered Rate (LIBOR) plus 5.0283% per annum from 1 January 2021 to 31 July 2022, and at the three month Sterling Overnight Index Average (SONIA) plus 5.0283% per annum from 1 August 2022.

The remaining amounts owed by group undertakings include capital and interest receivable on unsecured loans, repayable on demand. Interest on these loans was charged at the one month LIBOR plus 1.3410% from 1 January 2021 to 30 June 2021, at the one month LIBOR plus 1.9394% from 1 July 2021 to 30 June 2022, at the one month SONIA plus 1.9394% from 1 July 2022 to 31 July 2022, and at the one month SONIA plus 1.1047% from 1 August 2022.

13 Creditors: amounts falling due within one year

	2022	2021
	£'000	£'000
Amounts owed to group undertakings	8,421	4,468
Corporation tax payable	5,266	3,432
	13,687	7,900

Amounts owed to group undertakings are interest free. No security is held for amounts owed to group undertakings which have no fixed repayment date and all of which are repayable on demand.

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14 Post employment benefits

The company operates a defined benefit pension scheme for its former employees that joined the company prior to 6 April 1993. The assets of the scheme are held in a separate trustee administered fund and the scheme is closed to new entrants and future benefit accrual. Any entrants to the company's pension scheme arrangements from 6 April 1993 onwards joined a money purchase scheme.

At 31 December 2022, the defined benefit scheme had total assets of £14,455,000 (31 December 2021: £21,662,000). A full actuarial valuation of the scheme was carried out at 31 March 2021 and updated to 31 December 2022 by a qualified independent actuary on an FRS 102 basis. The major assumptions used by the actuary were:

	2022	2021
Discount rate	4.70%	1.80%
RPI Inflation assumption	3.10%	3.20%
Revaluation of deferred pensions (non-GMP)	3.10%	3.20%
Pension increases: 5% or RPI if less (LPI)	3.10%	3.15%

The following mortality assumptions were adopted:

2022	2021
CMI 2021 projections model, with a 1.25% long term trend rate, a smoothing parameter of 7, an initial additional parameter of A0.25% and a w parameter of 10%	CMI 2020 projections model, with a 1.25% long term trend rate, a smoothing parameter of 7, an initial additional parameter of A0.25% and a w2020 parameter of 10%

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

	2022		2021	
	Males	Females	Males	Females
Currently aged 60 retiring at the end of the reporting year	27.2	29.9	27.2	29.4
Currently aged 40 retiring 20 years after the end of the reporting year	28.7	31.4	28.7	31.0

Reconciliation of Scheme's assets and defined benefit obligation

	Assets	Defined benefit obligation	Net position
	£'000	£'000	£'000
At 1 January 2022	21,662	(17,633)	4,029
Benefits paid	(993)	993	-
Employer contributions	149	-	149
Interest income / (cost)	381	(308)	73
Administrative costs paid	(267)	-	(267)
Re-measurement gains / (losses):			
- Actuarial gain	-	5,374	5,374
- Loss on assets excluding interest income	(6,477)	-	(6,477)
At 31 December 2022	14,455	(11,574)	2,881

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

14 Post employment benefits (continued)

The FRS 102 valuation as at 31 December 2022 indicates a surplus position of £2,881,000 (2021: £4,029,000). Recovery plan payments have ceased and the company will continue to pay scheme administrative expenses of £125,000 per annum.

Net interest income of £nil (2021: £2,000) is recognised as income in the profit and loss account (note 8).

The fair value of the plan assets was:

	2022	2021
Asset class	£'000	£'000
Bonds	7,674	12,554
Liability driven investments	507	287
Cash	349	42
Other	5,925	8,779
Total	14,455	21,662

The plan's assets do not include any of the company's financial instruments nor is any property occupied by any group company.

The return on the plan assets was:

	2022	2021
	£'000	£'000
Interest income	381	299
Return (loss) on assets excluding interest income	(6,477)	(663)
Total return on assets	(6,096)	(364)

Reconciliation to the balance sheet

	2022	2021
	£'000	£'000
Market value of the assets	14,455	21,662
Present value of the defined benefit obligation	(11,574)	(17,633)
	2,881	4,029
Restriction on recognition of pension asset	(2,881)	(4,029)
Pension liability recognised in the financial position before allowance for deferred tax	-	-

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

Teva Laboratories UK Limited

Notes to the financial statements for the year ended 31 December 2022 (continued)

15 Called up share capital

	2022	2021
	£	£
<i>Issued and fully paid</i>		
2,150 (2021: 2,150) Ordinary shares of 10p each	215	215
21,500 (2021: 21,500) Deferred shares of 10p each	2,150	2,150
12% (2021: 12%) non-cumulative redeemable preference shares of £1 each	532,573	532,573
Total called up share capital	534,938	534,938

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.

16 Related party transactions

The company has no transactions with related parties other than those with fellow group companies which are also wholly owned within the same group. In accordance with paragraph 33.1A of FRS 102, these transactions with group members are exempt from disclosure.

17 Ultimate controlling party

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

The ultimate parent company and controlling party of Teva Laboratories UK Limited is considered by the directors to be Teva Pharmaceutical Industries Limited.

Teva Pharmaceutical Industries Limited, a company incorporated in Israel, is the parent undertaking of the largest and smallest group of undertakings to consolidate these financial statements at 31 December 2022. Copies of Teva Pharmaceutical Industries Limited's financial statements can be obtained from 124 Dvora HaNevi'a St., Tel Aviv, 6944020, Israel.