

## **Teva Laboratories UK Limited**

Annual report and financial statements

for the year ended 31 December 2020

Company Number: 00532832

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# **Teva Laboratories UK Limited**

## **Annual report and financial statements for the year ended 31 December 2020**

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### **Directors**

S Charlesworth  
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

## Strategic report for the year ended 31 December 2020

### Review of the business

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

Revenues and profit after taxation for the financial year have increased by 186% and 269% respectively. The increase is mainly due to by improved sales in the UK market.

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:

	2020 £	Restated (Note 20) 2019 £
Turnover	24,368,745	8,527,626
Gross profit	24,368,745	8,527,626
Operating profit	23,041,286	6,522,199
Profit after tax	19,592,518	5,307,696
Net assets	53,989,628	34,333,110

### Principal risks and uncertainties

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

### Financial risk management


The main financial risks arising from the 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 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 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: 23-Sep-2021 | 14:01 BST

## **Teva Laboratories UK Limited**

### **Directors' report for the year ended 31 December 2020**

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The directors present their report together with the audited financial statements for the year ended 31 December 2020.

#### **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 entities. The directors expect these activities to continue in the future.

#### **Results and dividends**

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

No dividends were declared or paid in the financial year (2019: £nil). The directors do not recommend the payment of a final dividend (2019: £nil).

In March 2020, the World Health Organization declared the outbreak of a new Coronavirus, now known as COVID-19. The outbreak of the virus has caused material disruptions to the global economy. Given the nature of the company's activities, it has not had a material impact on the company's operations, however management continues to closely monitor the situation.

#### **Charitable and political contributions**

During the year the company made no charitable contributions (2019: £nil). There were no political contributions during the year (2019: £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 1.

#### **Prior year adjustment**

The comparative figures as at 31 December 2019 and opening reserves as at 1 January 2019 have been restated to reflect that income totalling £2,099,645 relating to 2018 had been overcharged to fellow group undertakings. See note 20 for further details.

#### **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.

## **Teva Laboratories UK Limited**

### **Directors' report for the year ended 31 December 2020 (continued)**

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#### **Directors**

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

K Innes  
D Cooper (resigned 29 April 2020)  
S Charlesworth (appointed 29 April 2020)

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

#### **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: 23-Sep-2021 | 14:01 BST

## **Teva Laboratories UK Limited**

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

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# **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 2020 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, 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 financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2020; the profit and loss account 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.

## **Teva Laboratories UK Limited**

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

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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 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 2020 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.

## **Teva Laboratories UK Limited**

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

#### **Responsibilities for the financial statements and the audit (continued)**

##### **Auditors' responsibilities for the audit of the financial statements (continued)**

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 and transfer pricing. 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.

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](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.

## **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  
23 September 2021



## Teva Laboratories UK Limited

### Profit and loss account for the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<b>Turnover</b>	5	<b>24,368,745</b>	8,527,626
<b>Gross profit</b>		<b>24,368,745</b>	8,527,626
Administrative expenses		(1,327,459)	(2,005,427)
<b>Operating profit</b>	6	<b>23,041,286</b>	6,522,199
Interest receivable and similar income	8	770,984	462,326
<b>Profit before taxation</b>		<b>23,812,270</b>	6,984,525
Tax on profit	9	(4,219,752)	(1,676,829)
<b>Profit for the financial year</b>		<b>19,592,518</b>	5,307,696

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

The notes on pages 11 to 21 form part of these financial statements.

## Teva Laboratories UK Limited

### Statement of comprehensive income for the year ended 31 December 2020

	Note	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<b>Profit for the financial year</b>		<b>19,592,518</b>	<b>5,307,696</b>
<b>Other comprehensive income/(expense)</b>			
Actual return less expected return on pension scheme assets	16	<b>1,305,000</b>	1,344,000
Change in assumptions underlying the present value of scheme liabilities	16	<b>(1,480,000)</b>	544,000
Impact of asset ceiling on recognition of pension asset	16	<b>239,000</b>	(1,833,000)
Deferred tax recognised on pension fund timing differences	9	-	-
<b>Other comprehensive income for the year</b>		<b>64,000</b>	<b>55,000</b>
<b>Total comprehensive income for the year</b>		<b>19,656,518</b>	<b>5,362,696</b>

The notes on pages 11 to 21 form part of these financial statements.

# Teva Laboratories UK Limited

## Balance Sheet as at 31 December 2020

	Note	2020 £	Restated (Note 20) 2019 £
<b>Fixed assets</b>			
Intangible assets	11	472,236	1,946,259
Tangible assets	10	-	96,621
Investments	12	100	100
		<b>472,336</b>	<b>2,042,980</b>
<b>Current assets</b>			
Debtors (including £35,000,000 (2019: £nil) due after more than one year)	13	58,674,438	35,034,865
Cash at bank and in hand		16,161	6,312
		<b>58,690,599</b>	<b>35,041,177</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(5,173,307)</b>	<b>(2,751,047)</b>
<b>Net current assets</b>		<b>53,517,292</b>	<b>32,290,130</b>
<b>Total assets less current liabilities</b>		<b>53,989,628</b>	<b>34,333,110</b>
<b>Provisions for liabilities</b>			
Post-employment benefits	16	-	-
Deferred taxation	15	-	-
		-	-
<b>Net assets</b>		<b>53,989,628</b>	<b>34,333,110</b>
<b>Capital and reserves</b>			
Called up share capital	17	534,938	534,938
Retained earnings		53,454,690	33,798,172
<b>Total shareholders' funds</b>		<b>53,989,628</b>	<b>34,333,110</b>

The notes on pages 11 to 21 form part of these financial statements

The financial statements on pages 7 to 21 were authorised for issue by the board of directors and were signed on its behalf by:

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**S Charlesworth - Director**

Date: 23-Sep-2021 | 14:01 BST

Teva Laboratories UK Limited  
Registered No.: 00532832

## Teva Laboratories UK Limited

### Statement of changes in equity for the year ended 31 December 2020

	Called up share capital £	As restated (Note 20) Retained earnings £	Total Shareholders' funds £
<b>At 1 January 2019 as previously reported</b>	<b>534,938</b>	<b>30,136,188</b>	<b>30,671,126</b>
<b>Prior year adjustment</b>	<b>-</b>	<b>(1,700,712)</b>	<b>(1,700,712)</b>
<b>At 1 January 2019 as restated</b>	<b>534,938</b>	<b>28,435,476</b>	<b>28,970,414</b>
Profit for the financial year	-	5,307,696	5,307,696
Other comprehensive income for the year	-	55,000	55,000
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>5,362,696</b>	<b>5,362,696</b>
<b>Balance as at 31 December 2019</b>	<b>534,938</b>	<b>33,798,172</b>	<b>34,333,110</b>
Profit for the financial year	-	19,592,518	19,592,518
Other comprehensive income for the year	-	64,000	64,000
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>19,656,518</b>	<b>19,656,518</b>
<b>Balance as at 31 December 2020</b>	<b>534,938</b>	<b>53,454,690</b>	<b>53,989,628</b>

# Teva Laboratories UK Limited

## Notes to the financial statements for the year ended 31 December 2020

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### 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 set out on page 1.

### 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 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 or estimates made by management are described on page 14.

#### ***Prior year restatement***

As explained in note 20 the comparatives have been restated to reflect adjustments to revenue following the identification of required adjustments to charges to other group undertakings relating to previous periods.

#### ***Consolidated financial statements***

The financial statements contain information about Teva Laboratories UK Limited as an individual company and do not contain consolidated financial information as the 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 subsidiary undertakings 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 19.

#### ***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.

## Teva Laboratories UK Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 3 Accounting policies (continued)

##### ***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.

##### ***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 taxation***

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

##### ***Deferred taxation***

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

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

Deferred tax assets and liabilities are not discounted.

##### ***Tangible fixed assets and depreciation***

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

Fixtures and fittings	- Up to 10 years
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## Teva Laboratories UK Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 3 Accounting policies (continued)

##### ***Intangible fixed 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 11 for further details.

##### ***Brand names, licences and trade marks***

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

##### ***Cash and liquid resources***

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

##### ***Investments***

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

##### ***Pension costs***

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

There are two categories of pension scheme members:

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

Annually the company 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 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.

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

# Teva Laboratories UK Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 3 Accounting policies (continued)

#### *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.

### 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 company 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.

#### *Impairment of intangible assets (note 11)*

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 16)*

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

#### **Analysis of turnover by geography:**

	<b>Year ended 31 December 2020 £</b>	<b>Year ended 31 December 2019 £</b>
United Kingdom	<b>13,483,796</b>	884,646
Rest of Europe	<b>10,584,985</b>	7,248,286
Rest of the world	<b>299,964</b>	394,694
	<b>24,368,745</b>	8,527,626



## Teva Laboratories UK Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 6 Operating profit

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
This is arrived at after charging/(crediting):		
Depreciation	-	21,491
Loss on sale of fixed assets	96,621	-
Amortisation of intangible assets	1,474,023	1,730,640
Impairment of intangible assets	-	337,000
(Gain)/loss on foreign currency translation	(455,757)	59,805

The audit fees for the company in 2020 and 2019 were borne by Teva UK Limited as a combined fee for the group. No recharge (2019: £nil) was made to Teva Laboratories UK Limited for this.

#### 7 Employees and directors

The company has no employees (2019: none).

The directors did not receive any emoluments in respect of their services to the company (2019: £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 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

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Intercompany interest receivable	754,817	456,591
Net interest income on post-employment benefits (note 16)	2,000	2,000
Other interest receivable	14,167	3,735
	<b>770,984</b>	<b>462,326</b>

# Teva Laboratories UK Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 9 Tax on profit

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
<i>a. Tax expense included in profit or loss</i>		
<b>Current tax:</b>		
UK corporation tax on profits for the year	4,554,849	1,405,623
Adjustments in respect of prior periods	(335,097)	271,206
<b>Total current tax charge</b>	<b>4,219,752</b>	<b>1,676,829</b>
<b>Deferred tax:</b>		
Total deferred tax	-	-
<b>Tax on profit</b>	<b>4,219,752</b>	<b>1,676,829</b>
<i>b. Tax included in other comprehensive income/(expense)</i>		
Deferred tax result	-	-
<b>Total tax included in other comprehensive income/(expense)</b>	<b>-</b>	<b>-</b>
<i>c. Reconciliation of tax charge</i>		
Profit before taxation	23,812,270	6,984,525
Profit before taxation at the standard rate of corporation tax in the UK of 19% (2019: 19%)	4,524,331	1,327,060
Effects of:		
Expenses not deductible for tax purposes	30,518	78,563
Adjustments in respect of prior periods	(335,097)	271,206
<b>Total tax charge</b>	<b>4,219,752</b>	<b>1,676,829</b>

### Tax future changes

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax rate, thereby maintaining the current rate of 19%.

The UK Budget 2021 announcements on 3 March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1 April 2023. These changes were not substantively enacted at the balance sheet date.

# Teva Laboratories UK Limited

## Notes to the financial statements for the year ended 31 December 2020 (continued)

### 10 Tangible assets

	Fixtures and fittings £
<b>Cost</b>	
At 1 January 2020	564,256
<i>Disposal</i>	(564,256)
At 31 December 2020	-
<b>Accumulated depreciation</b>	
At 1 January 2020	467,635
<i>Disposal</i>	(467,635)
At 31 December 2020	-
<b>Net book amount</b>	
At 31 December 2020	-
At 31 December 2019	96,621

### 11 Intangible assets

	Brand names, licences & trademarks £
<b>Cost</b>	
At 1 January 2020 and 31 December 2020	23,326,649
<b>Accumulated amortisation</b>	
At 1 January 2020	21,380,390
<i>Amortisation</i>	1,474,023
At 31 December 2020	22,854,413
<b>Net book amount</b>	
At 31 December 2020	472,236
At 31 December 2019	1,946,259

### 12 Investments

The following direct subsidiary company is incorporated in the United Kingdom under the Companies Act 2006 and was dormant at 31 December 2020. The proportion of shares held is 100%.

<i>Subsidiary</i>	Unquoted shares at cost £
Pharmax Limited	
Net book value at 31 December 2019 and 31 December 2020	100

On 7 September 2021, Pharmax Limited entered into liquidation.

The registered address of Pharmax Limited is Ridings Point, Whistler Drive, Castleford, West Yorkshire, WF10 5HX.

## Teva Laboratories UK Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 13 Debtors

	31 December 2020 £	Restated (Note 20) 31 December 2019 £
Amounts owed by group undertakings	58,674,238	34,923,509
Corporation tax receivable	-	111,356
Other debtors	200	-
	<b>58,674,438</b>	<b>35,034,865</b>

Amounts owed by group undertakings includes £35,000,000 (2019: £nil) 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.

The remaining amounts owed by group undertakings include capital and interest receivable on unsecured loans, repayable on demand. Interest was charged at the 1 month LIBOR plus 0.66% until 30 June 2019, at the 1 month LIBOR plus 0.43% from 1 July 2019 to 30 June 2020 and at the 1 month LIBOR plus 1.34% from 1 July 2020. Other amounts owed by group undertakings are interest free.

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

	31 December 2020 £	Restated (Note 20) 31 December 2019 £
Trade creditors	13,597	13,514
Amounts owed to Group undertakings	2,407,075	2,737,533
Corporation tax payable	2,752,635	-
	<b>5,173,307</b>	<b>2,751,047</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.

#### 15 Provision for deferred tax

	Deferred tax provision £
As at 1 January 2020	-
Charge to other comprehensive income/(expense)	-
<b>As at 31 December 2020</b>	<b>-</b>

Deferred tax relates to the defined benefit pension scheme.

## Teva Laboratories UK Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 16 Pension scheme

The company operates a defined benefit pension scheme for the majority of its former employees who joined the scheme prior to 6 April 1993. Any new entrants to the company's pension scheme from 6 April 1993 onwards 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 2020, the scheme had assets of £13.8m (31 December 2019: £12.5m). A full actuarial valuation of the mixed benefits scheme was carried out at 31 March 2018 and updated to 31 December 2020 by a qualified independent actuary on an FRS 102 basis. The major assumptions used by the actuary were:

	31 December 2020	31 December 2019
Discount rate	1.30%	2.00%
RPI Inflation assumption	2.80%	2.85%
Revaluation of deferred pensions (non-GMP)	2.80%	2.85%
Pension increases: 5% or RPI if less (LPI)	2.75%	2.80%
Mortality rate tables	CMI 2019 projections model, with a 1.25% long term trend rate, a smoothing parameter of 7 and an initial additional parameter of A0.25%	S2PA CMI 2019 projections model, with a 1.25% long term trend rate

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

	31 December 2020		31 December 2019	
	Males	Females	Males	Females
Retiring at the end of the reporting year	27.4	29.5	26.9	28.9
Retiring 20 years after the end of the reporting year	28.9	31.0	28.4	30.5

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

	Assets £	Defined benefit obligation £	Net position £
At 1 January 2020	12,481,000	(8,601,000)	3,880,000
Benefits paid	(153,000)	153,000	-
Employer contributions	165,000	-	165,000
Interest income / (cost)	250,000	(170,000)	80,000
Administrative costs paid	(231,000)	-	(231,000)
Re-measurement (losses) / gains:			
- Actuarial loss	-	(1,480,000)	(1,480,000)
- Gain on assets excluding interest income	1,305,000	-	1,305,000
<b>At 31 December 2020</b>	<b>13,817,000</b>	<b>(10,098,000)</b>	<b>3,719,000</b>

The FRS 102 valuation as at 31 December 2020 indicates a surplus position of £3,719,000 (2019: £3,880,000). Recovery plan payments have now ceased and the company will continue to pay contributions to the scheme of £165,000 per annum.

Net interest income is recognised as income in the profit and loss account (note 8).

## Teva Laboratories UK Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 16 Pension scheme (continued)

The fair value of the plan assets was:

Asset class	31 December 2020 £	31 December 2019 £
Bonds	13,392,000	12,049,000
Liability driven investments	270,000	413,000
Cash	155,000	19,000
<b>Total</b>	<b>13,817,000</b>	<b>12,481,000</b>

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

The return on the plan assets was:

	Year ended 31 December 2020 £	Year ended 31 December 2019 £
Interest income	250,000	256,000
Return on assets excluding interest income	1,305,000	1,344,000
<b>Total return on assets</b>	<b>1,555,000</b>	<b>1,600,000</b>

Reconciliation to the statement of financial position (balance sheet)

	31 December 2020 £	31 December 2019 £
Market value of the assets	13,817,000	12,481,000
Present value of the defined benefit obligation	(10,098,000)	(8,601,000)
	3,719,000	3,880,000
Restriction on recognition of pension asset	(3,719,000)	(3,880,000)
<b>Pension liability recognised in the financial position before allowance for deferred tax</b>	<b>-</b>	<b>-</b>

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

#### 17 Called up share capital

Company	31 December 2020 £	31 December 2019 £
<i>Issued and fully paid</i>		
2,150 (2019: 2,150) Ordinary shares of 10p each	215	215
21,500 (2019: 21,500) Deferred shares of 10p each	2,150	2,150
12% (2019: 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>

## Teva Laboratories UK Limited

### Notes to the financial statements for the year ended 31 December 2020 (continued)

#### 17 Called up share capital (continued)

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

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

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

#### 18 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.

#### 19 Ultimate controlling party

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

The directors regard Teva Pharmaceutical Industries Limited, a company incorporated in Israel, as the ultimate parent company and ultimate controlling party.

As of 31 December 2020, 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 124 Dvora HaNevi'a St., Tel Aviv, 6944020, Israel.

#### 20 Prior year adjustment

The comparative figures for the year ended 31 December 2019 have been restated to reflect that income totalling £2,099,645 relating to 2018 had been overcharged to fellow group undertakings. This has been retrospectively corrected as shown in the table below:

	As reported		As restated
	2019	Adjustment	2019
	£'000	made	£'000
	£'000	£'000	£'000
<b>Balance sheet</b>			
Amounts owed by group undertakings	35,857,260	(933,751)	34,923,509
Amounts owed to group undertakings	(1,571,639)	(1,165,894)	(2,737,533)
Corporation tax	(287,577)	398,933	111,356
<b>Movement in equity</b>			
At 1 January 2019	30,671,126	(1,700,712)	28,970,414
Total comprehensive income for the year and transactions recognised directly to equity	5,362,696	-	5,362,696
At 31 December 2019	36,033,822	(1,700,712)	34,333,110