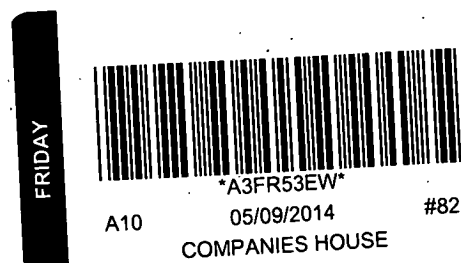


Celltech R&D Limited

Reports of the directors and financial statements for the
financial year ended 31 December 2013



Celltech R&D Limited

REPORTS OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their reports and the audited financial statements of the Company for the year ended 31 December 2013.

STRATEGIC REPORT

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company, registered number 01472269, is the provision of employees to other Group companies and the Directors believe that the Company will continue in this manner for the foreseeable future. The Company made a loss for the financial year of £1.1 million (2012: profit of £1.9 million)

EMPLOYEE ENGAGEMENT

As of 31 December 2013 the Company employed 434 (2012: 439) personnel, for further detail see note 4.

The UCB Group maintains timely, clear and transparent communication with all its employees in order to ensure alignment, consolidate trust and build pride. UCB Voices, the global employee engagement survey organised for the second year in September 2013 showed a continued high level of staff engagement, allied with more favourable responses. This feedback helped shape many of the improvements, developments and actions taking place across the Company in 2013. Some examples of actions taken as a follow-up to the survey are:

- Aligned with the commitment to Connect, Collaborate and Co-create with the objective to reinforce trust in the future, interactivity between UCB staff and the Executive Committee was significantly reinforced. Regular 'lync' calls scheduled with each Executive Committee member, open to all employees, encouraged open conversation and answered any questions that were on colleagues' minds.
- A company-wide task force was established to examine opportunities and implement improvement measures with regards to global processes, instil efficiencies and improve effectiveness.

The Company wants talent to be recognised. It can be recognised by management recognition or other reward. In addition to being eligible for adhoc awards for outstanding achievements, the Company's employees follow an annual performance management cycle. The Company tracks, rewards and recognises each employee's contribution to the company through systematic feedback on measurable annual objectives.

PRINCIPAL RISKS AND UNCERTAINTIES

A global risk management policy, applicable for the whole UCB Group and its affiliates worldwide, describes the UCB Group's commitment to provide an effective risk management system across the Group in order to minimise its exposure to risks that could threaten the UCB Group's corporate objectives.

The Board of Directors is responsible for approving the UCB Group's strategy, goals and objectives and overseeing the establishment, implementation and review of the Group's risk management system. The Board of Directors is assisted by the Audit Committee in its responsibility for the appreciation of risk and risk management. The Audit Committee examines on a regular basis the areas where risk could significantly affect the Group's financial situation and reputation and monitors the overall risk management process of the Group.

The Corporate Risk Management Committee, consisting of Executive Committee members and senior management representatives of all business functions and reporting to the Executive Committee, provides strategic leadership that endorses the corporate risk assessment and prioritisation process that drives the establishment of risk mitigation plans within all business functions and operations, supported by a global risks management system to effectively and efficiently assess, report, mitigate and manage actual or potential risk or exposures.

Celltech R&D Limited is part of the UK Group of UCB Companies and as such is included within the global risk management policy.

FINANCIAL RISK MANAGEMENT

The company is exposed to various financial risks arising from its operations and Group corporate finance activities. The Group manages, on behalf of the subsidiaries, these financial risks. These financial risks are market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's profit and loss. The objective of market risk management is to manage and control market risk exposures. The Group enters into derivative financial instruments and also incurs financial liabilities in order to manage market risk.

Foreign exchange risk

The Company as part of the UCB Group operates across the world and is exposed to movements in foreign currencies affecting its net income and financial position, as expressed in sterling. The Group actively monitors its currency exposures, and when appropriate enters into transactions with the aim of preserving the value of assets and anticipated transactions. The Group uses forward contracts, foreign exchange options and cross currency swaps to hedge certain committed and anticipated foreign exchange flows and financing transactions.

Celltech R&D Limited
REPORTS OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013

Interest rate risk

Changes in interest rates may cause variations in interest income and expenses resulting from interest bearing assets and liabilities. The Group uses interest rate derivatives to manage its interest rate risk.

Credit risk

Credit risk arises from the possibility that the counterparty to a transaction may be unable or unwilling to meet its obligations causing a financial loss to the Company. Trade receivables are subject to a policy of active risk management, which focuses on the assessment of country risk, credit availability, ongoing credit evaluation and account monitoring procedures.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity risk is managed by the Group. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under normal circumstances without incurring unacceptable losses or risking damage to the Group reputation. The Group maintains sufficient reserves of cash and readily realisable marketable securities to meet its liquidity requirements at all times. In addition the Group has certain unutilised revolving committed facilities at its disposal.

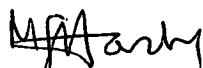
KEY PERFORMANCE INDICATORS (KPI'S)

Given the straightforward nature of the business and the fact that the Company is not engaged in any trading activities, the Company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development performance or position of the business.

FUTURE DEVELOPMENTS

The Company will continue to provide employees to other Group companies in the future.

On behalf of the board:



M G Hardy
Director

Date 18TH July 2014

Celltech R&D Limited

REPORTS OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements, unless otherwise stated, are listed below:

M G Hardy
S C Jones (resigned 30 June 2013)
L Vermeesch (resigned 4 April 2014)
A C van der Toorn
Y Khatri (appointed 24 June 2013)

DIVIDEND

No dividend was declared during the year (2012: £12,000,000).

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 last 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.

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution that they be reappointed will be put forward to the members.

POST BALANCE SHEET EVENTS

There are no significant post balance sheet events.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

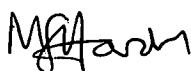
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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 and applicable law). Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board:



M G Hardy
Director

Date 18th July 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELLTECH R&D LIMITED

Report on the financial statements

Our opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say below.

What we have audited

The financial statements for the year ended 31 December 2013, which are prepared by Celltech R&D Ltd, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation comprises applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (ISAs (UK & Ireland)). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the reports of the directors and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on matter prescribed by the Companies Act 2006

In our opinion the information given in the Reports of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

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

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

We have no exceptions to report arising from this responsibility.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELLTECH R&D LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

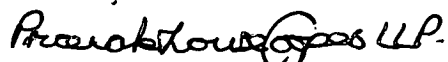
As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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 matters

The company has passed a resolution in accordance with section 506 of the Companies Act 2006 that the senior statutory auditor's name should not be stated.



PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Reading

21 July 2014

Celltech R&D Limited
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
Turnover	2	39,688	37,669
Gross profit		39,688	37,669
Administrative expenses	4	(42,271)	(39,175)
Operating loss	3	(2,583)	(1,506)
Other interest receivable and similar income	5	5,275	7,459
Interest payable and similar charges	6	(3,945)	(2,228)
(Loss) / Profit on ordinary activities before taxation		(1,253)	3,725
Tax on (loss) / profit on ordinary activities	8	141	(1,834)
(Loss) / Profit for the financial year	13	(1,112)	1,891

The notes on pages 8 to 14 form an integral part of these financial statements.

All results derive from continuing operations.

The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

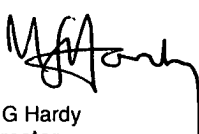
There is no difference between the results disclosed in the profit and loss account and the results on an unmodified historical cost basis.

Celltech R&D Limited
BALANCE SHEET
AS AT 31 DECEMBER 2013

	Notes	2013 £'000	2012 £'000
Current assets			
Debtors	9	76,689	85,301
Cash at bank and in hand		<u>6,207</u>	<u>387</u>
		82,896	85,688
Creditors: amounts falling due within one year	10	<u>(50,356)</u>	<u>(54,719)</u>
Net current assets		32,540	30,969
Total assets less current liabilities		32,540	30,969
Net assets		32,540	30,969
Capital and reserves			
Called up share capital	11	18,594	18,594
Share premium account	12	9,048	9,048
Profit and loss account	12	4,898	3,327
Total shareholders' funds	13	32,540	30,969

The notes on pages 8 to 14 form part of these financial statements.

The financial statements were approved on behalf of the board on 18th July 2014 and were signed on its behalf by:


M G Hardy
Director


Y Khatri
Director

COMPANY REGISTERED NUMBER: 01472269

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with all items in relation to the financial statements.

ACCOUNTING CONVENTION

The financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

GOING CONCERN

The directors consider that the Company has adequate resources to continue in business in the foreseeable future and that it is therefore appropriate to adopt the going concern basis in preparing the financial statements.

CASH FLOW STATEMENT

The Company is a wholly owned subsidiary company of a group headed by UCB S.A., and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the Company has taken advantage of the exemption within FRS 1 (revised 1996) 'Cash flow statements' from preparing a cash flow statement.

RELATED PARTY TRANSACTIONS

The Company is exempt, under FRS 8, from the requirement to disclose related party transactions on the grounds that it is a wholly owned subsidiary undertaking. This exemption covers transactions with other Group undertakings. There were no other related party transactions in the year.

TURNOVER AND INCOME RECOGNITION

Turnover is derived from recharging employee's services to other group entities, excluding value added tax.

Turnover is recognised when the service has been provided, and it is probable that future economic benefits associated with the transaction will flow to the entity and that these benefits can be measured reliably.

INTEREST RECEIVABLE AND PAYABLE

Interest receivable and payable are recognised on an accruals basis.

DIVIDENDS

Dividends receivable are recognised at the date on which their payment becomes irrevocable. Dividend distributions to the Company shareholders are recognised in the period when they are paid or become an irrevocable committed obligation.

FOREIGN CURRENCY TRANSLATION

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

DEFERRED TAXATION

Deferred taxation is provided on timing differences that have originated but not reversed by the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

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

PENSION

The Company participates in contributory and non-contributory defined benefit and defined contribution pension schemes covering the majority of its employees. The schemes' funds of the defined benefit plans are administered by trustees and are independent of the Company's finances. Contributions are paid to the schemes in accordance with the recommendations of independent actuaries. The Company's contributions to the defined benefit scheme are charged to the profit and loss account so as to spread the costs of pensions over employees' working lives with the Company. Payments to defined contribution schemes are expensed as incurred.

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES (CONTINUED)

SHARE BASED PAYMENTS

The Company participates in the holding company's stock option plan and share award plan, both of which are equity-settled. The services rendered by the employees as consideration for stock options are recognised as an expense. The expense corresponds to the fair value of the stock option plans and is charged to operating profit on a straight-line basis over the vesting period of the plan. The fair value of the stock option plan is measured at the grant date using the Black-Scholes valuation model taking into account the expected life and cancellation rate of the options. At each balance sheet date, the Company revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the profit and loss account, and a corresponding adjustment to equity over the remaining vesting period.

TRADE AND OTHER DEBTORS

Trade and other debtors are carried at the lower of their original invoiced value and recoverable amount. Provision is made when there is objective evidence that the Company will not be able to recover balances in full, with the charge being recognised in the profit and loss account. Balances are written off when the probability of recovery is assessed as being remote

TRADE AND OTHER CREDITORS

Trade and other creditors are stated at cost.

FOREIGN CURRENCY DERIVATIVES

At 31 December 2013 the fair value of foreign currency derivative was nil as it was disposed during the year (2012: liability of £48,789). Foreign currency derivatives are not recognised at fair value in the financial statements.

2 TURNOVER

	2013 £'000	2012 £'000
<i>Turnover by destination</i>		
United Kingdom	<u>39,688</u>	<u>37,669</u>

Turnover is derived from one class of business, being the recharging employee's services to other group entities.

3 OPERATING LOSS

In 2013 Auditors' remuneration of £3,879 has been borne by fellow subsidiary companies (2012: £3,803). No director received any remuneration for the year in respect of their duties (2012: £nil)

4 ADMINISTRATIVE EXPENSES

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Employee numbers	
	2013	2012
Sales and marketing, administration and distribution	129	131
Medical, research and development	<u>305</u>	<u>308</u>
	<u>434</u>	<u>439</u>

The aggregate payroll costs of these persons were as follows:

	2012 £'000	2012 £'000
Wages and salaries	26,467	25,272
Social security costs	3,630	3,134
Other pension costs (see note 14)	9,492	9,163
Cost of employee share schemes (note 16)	<u>2,682</u>	<u>1,606</u>
	<u>42,271</u>	<u>39,175</u>

Included in wages and salaries is an expense of £2,682,000 (2012: £1,606,000) for transactions accounted for as equity-settled share-based payment transactions.

5 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000	2012 £'000
Interest receivable from group undertakings	1,211	3,426
Bank interest receivable	12	-
Foreign exchange gains	<u>4,052</u>	<u>4,033</u>
	<u>5,275</u>	<u>7,459</u>

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

6 INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £'000	2012 £'000
Bank Interest payable	20	172
Bank charges	1	2
Interest payable to group undertakings	-	6
Foreign exchange losses	3,924	2,048
	<u>3,945</u>	<u>2,228</u>

7 DIVIDENDS

	2013 £'000	2012 £'000
Equity – Ordinary		
Interim dividend paid £nil per £1 share (2012: £0.65 per share)	<u>-</u>	<u>12,000</u>

8 TAX ON (LOSS) / PROFIT ON ORDINARY ACTIVITIES

	2013 £'000	2012 £'000
<i>Current tax (credit)/charge</i>		
UK corporation tax on profits of the year	(701)	1,803
Adjustment in respect of prior years	560	31
Tax (credit) / charge on profit on ordinary activities	<u>(141)</u>	<u>1,834</u>

The tax assessed for the year is lower (2012: lower) than the standard effective rate of corporation tax in the UK 23.25%, (2012: 24.5%). The differences are explained below;

	2013 £'000	2012 £'000
Profit/ (loss) on ordinary activities before taxation	(1,253)	3,725
(Loss)/Profit on ordinary activities multiplied by the standard rate in the United Kingdom at 23.25% (2012: 24.5%)	(291)	913
Effects of;		
Non-taxable (income) / expense	(1,034)	497
Adjustment in respect of prior years	560	31
Share-based payments	624	393
Current tax (credit) / charge for the year	<u>(141)</u>	<u>1,834</u>

The Finance Act 2012, which was enacted on 17 July 2012, includes legislation reducing the main UK corporation tax rate from 26% to 24%, effective from 1 April 2012. A further reduction to 23% was also enacted on this date and is effective from 1 April 2013. The financial statements reflect these changes.

In addition to the changes in rates of Corporation tax disclosed above further changes to the UK Corporation tax rates were substantively enacted as part of the Finance Bill 2013 on 17 July 2013. These include reductions to the main rate to reduce the rate to 21% from 1 April 2014 and to 20% from 1 April 2015. The deferred tax balances have been re-measured to 20% to reflect this reduction.

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

9 DEBTORS

	2013 £'000	2012 £'000
Amounts owed by group undertakings	<u>76,689</u>	<u>85,301</u>

Amounts owed by group undertakings are unsecured and are repayable on demand. £341,000 is interest free (2012: £1,678,000) and £76,348,000 (2012: £13,701,000) bears interest at an average rate of 0.25%.

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £'000	2012 £'000
Bank loans and overdrafts	-	4,173
Amounts owed to group undertakings	<u>50,356</u>	<u>50,546</u>
	<u>50,356</u>	<u>54,719</u>

Amounts owed to group undertakings are unsecured, £50,356,000 is interest free (2012: £50,546,000) and is repayable on demand.

11 CALLED UP SHARE CAPITAL

	2013 £'000	2012 £'000
Authorised		
24,000,000 (2012: 24,000,000) Ordinary shares of £1	<u>24,000</u>	<u>24,000</u>
Allotted and fully paid		
18,593,783 (2012: 18,593,783) Ordinary shares of £1	<u>18,594</u>	<u>18,594</u>

12 RESERVES

	Share Premium Account £'000	Profit and Loss Account £'000	Total £'000
At 1 January 2013	9,048	3,327	12,375
Loss for the financial year	-	(1,112)	(1,112)
Share-based payment	-	2,683	2,683
At 31 December 2013	<u>9,048</u>	<u>4,898</u>	<u>13,946</u>

13 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2013 £'000	2012 £'000
(Loss)/Profit for the financial year	(1,112)	1,891
Dividends (note 7)	-	(12,000)
Share based payment	<u>2,683</u>	<u>1,606</u>
Net additions/(reduction) to shareholders' funds	<u>1,571</u>	<u>(8,503)</u>
Opening shareholders' funds	<u>30,969</u>	<u>39,472</u>
Closing shareholders' funds	<u>32,540</u>	<u>30,969</u>

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

14 PENSION SCHEMES

The Company is a sponsor of the Celltech Pension and Life Assurance Scheme (CP&LAS) which is constituted through a separate independent trust and is contributory, funded, and the benefits of which are based on final pensionable pay.

The Company accounts for the scheme as if it were a defined contribution scheme.

The Company also participates in defined contribution schemes.

Total pension charges for the Company for the year were £7 million (2012: £8.5 million) for defined benefit scheme and £2.5 million (2012: £0.7 million) for defined contribution scheme (see also note 4). There were no material contributions outstanding to any of the schemes at either year-end.

The Company's contributions for the defined benefit scheme are assessed on a triennial basis, in accordance with the advice of a qualified actuary using the projected unit method. The contributions are determined on the basis of long-term funding assumptions and are set at a level to meet the future benefit accrual and eliminate any funding surplus or shortfall over the long-term.

Actuarial Valuations

CP&LAS - the last full actuarial valuation of this scheme was carried out on 30 September 2011 and has been updated in accordance with FRS 17 to 31 December 2013 by a qualified independent actuary.

The market value of assets were £128.0 million (2012: £113.3 million) and the present value of scheme liabilities were £158.0 million (2012: £138.8 million) leading to net liabilities of £30.0 million (2012: £25.5 million).

Additional annual employer contributions of £5.3 million commenced 1 January 2012 in respect of the past service deficit as a twelve year recovery plan agreed by the Company and the Trustees. The allocation of the deficit amongst United Kingdom UCB member entities is based on current active employee numbers.

The major assumptions used by the actuary were;

	2013 %	2012 %	2011 %
Rate of increase in salaries	4.50	4.00	4.00
Rate of increase of pensions in payments	3.50	3.00	4.00
Discount rate	4.50	4.50	4.75
Inflation assumption - RPI	3.50	3.00	3.00
Inflation assumption - CPI	3.00	2.50	2.50

15 RELATED PARTY TRANSACTIONS

The Company is exempt, under FRS 8, from the requirement to disclose related party transactions on the grounds that it is a wholly owned subsidiary undertaking. This exemption covers transactions with other group undertakings.

There were no other related party transactions in the year.

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

16 SHARE-BASED PAYMENTS

The UCB S.A. Group operates several share based compensation plans, including a stock option plan and a share award plan to compensate employees for services rendered. Both of these plans are equity settled.

The Remuneration Committee granted options on UCB S.A. shares to the Executive Committee members, the Senior Executives and the senior and middle management of the UCB Group. The exercise price of the granted options in 2013 is equal to the lower of the following two values: (i) the average of the closing price of UCB share on Euronext Brussels, during 30 days preceding the offer or (ii) the closing price of the UCB shares on Euronext Brussels the day before the grant.

The options become exercisable after a vesting period of three years. If the employee leaves the Group, his/her options lapse upon expiry of a period of six months, except if taxes have been prepaid. The Group has no obligation to repurchase or settle the options in cash. There are no reload features, the options are not transferable (except in case of death).

267,769 share options have been exercised during the year by UK employees (2012: 219,156).

The weighted average share price at the date of exercise of share options exercised during the financial year was €33.26 (2012: €23.87).

The options outstanding at the year-end have an exercise price in the range of €21.38 to €48.73 and a weighted average contractual life of 10 years.

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last 360 days. The probability of early exercise is reflected in the expected life of the options. The expected forfeiture rate is based on actual turnover of employees for categories eligible for stock option compensation.

The significant assumptions used in the measurement of options granted in May 2010 and 2009 respectively are:

Stock option plan

		2013	2012
Weighted fair value at measurement date	Euro	12.21	8.82
Range of exercise prices	Euro	48.69	32.36
Weighted average exercise price	Euro	48.73	32.36
Expected volatility used in the modelling under the Black-Scholes model	%	31.16	34.85
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	Years	5	5
Expected dividend yield	%	2.08	3.02
Risk free interest rate (based on national government bonds)	%	1.47	2.12
Expected annual forfeiture rate	%	7.0	7.0

The number and weighted average exercise prices of share options are as follows:

	2013 Weighted average exercise price €	2013 Number of options	2012 Weighted average exercise price €	2012 Number of options
Outstanding at 1 January 2013	31.53	1,392,959	30.07	1,340,515
Granted during the year	48.69	363,392	32.36	314,400
Exercised during the year	33.26	(267,769)	23.87	(219,156)
Forfeited during the year	25.92	12,600	29.26	(42,800)
Outstanding at 31 December 2013	35.33	1,501,182	31.53	1,392,959
Exercisable at 31 December 2013	-	530,490	-	535,759

Celltech R&D Limited
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

16 SHARE-BASED PAYMENTS (CONTINUED)

Share award plan

	2013	2012
	Number of options	Number of options
Outstanding at 1 January 2013	21,050	7,000
Granted during the year	7,352	16,050
Exercised during the year	(3,500)	(2,000)
Transferred to other group company	(7,500)	-
Outstanding at 31 December 2013	17,402	21,050
Exercisable at 31 December 2013	-	-

In 2009 the Group granted share awards to the members of the Leadership Team of the Group. These awards were conditional to a vesting period of 3 years, except upon leaving on retirement or death in which case they vest immediately. 2,420 rights were granted at a fair value of 22.75 euro per share. The cost is spread over the vesting period. The beneficiaries are not entitled to dividends during the vesting period.

The total expenses recognised for the year arising from share based payments are as follows;

	2013	2012
	£'000	£'000
Equity settled share based payments	2,683	1,606

17 ULTIMATE PARENT COMPANY

The immediate parent company is Celltech Group Limited, a company incorporated in England and Wales..

The ultimate UK parent company is UCB (Investments) Limited a company incorporated in England and Wales.

The ultimate parent company and controlling party at 31 December 2013 and the smallest and largest group in which the Company's results are consolidated was UCB S.A., a company incorporated in Belgium.

Copies of the respective financial statements for each of these companies can be obtained from the Company secretary at the following address, Celltech Group Limited, 208 Bath Road, Slough, Berkshire, SL1 3WE.