

Registered Number 03188178

Orvet UK

Annual report and financial statements
for the year ended 31 December 2013

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Orvet UK

Annual report and financial statements for the year ended 31 December 2013

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Orvet UK

Directors and advisers

Directors

T Oreskovic
R Daniell
M Schrewe

Independent Auditors

PricewaterhouseCoopers LLP
Benson House
33 Wellington Street
LEEDS
LS1 4JP

Bankers

Barclays Bank Plc
1 Churchill Place
Canary Wharf
London

Registered Office

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

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Orvet UK

Strategic report for the year ended 31 December 2013

Business review and future developments

Orvet UK is an intermediate holding company with operating subsidiaries engaged in the manufacture, packaging and distribution of pharmaceutical products. The directors expect that this activity will continue for the foreseeable future.

The profit and loss account for the year is set out on page 7.

Key performance indicators (“KPIs”)

Given the nature of the business, the company’s directors are of the opinion that an analysis using Key Performance Indicators (“KPI’s”) is not necessary for an understanding of the development, performance or position of the business.

Financial risk management and principal risks and uncertainties

The company is an intermediate holding company and as such its transactions are limited to those with group undertakings. Financial risks include the effects of changes in interest rates and foreign exchange.

Interest rate risk arises as a consequence of borrowings with group undertakings, the borrowings from which are at variable rates of interest. The company is exposed to movements in foreign currency exchange rates as a result of transactions in foreign currencies.

The company seeks to limit the effects of such risks through the continuing support of its ultimate parent company. Foreign exchange rate risk and interest rate risk is managed on a group wide basis. The company does not use derivative financial instruments to manage interest and foreign exchange and as such no hedge accounting is applied.

Directors' report for the year ended 31 December 2013

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Results and dividends

The loss for the financial year was £29,189,000 (2012: £11,389,000).

The directors do not recommend the payment of a dividend (2012: £nil).

Directors and their interests

The directors who held office during the year and up to the date of signing the financial statements were as follows:

T Andriessen	(resigned 9 September 2014)
R Williams	(resigned 22 March 2013)
D Bhattacharjee	(resigned 17 January 2013)
R Daneill	(appointed 17 January 2013)
M Schrewe	(appointed 22 March 2013)
T Oreskovic	(appointed 9 September 2014)

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 its Directors.

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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.

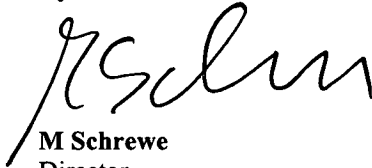
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

Directors' report for the year ended 31 December 2013 (continued)

Disclosure of information to Auditors

The directors confirm that, so far as they are aware, there is no relevant audit information (that is information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and that each director has taken all reasonable 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.

By order of the Board

A handwritten signature in black ink, appearing to read 'M Schrewe', is written over the printed name.

M Schrewe

Director

9 January 2015

Independent auditors' report to the members of Orvet UK

Report on the financial statements

Disclaimer of opinion

Because of the significance of the matter described in the Basis for disclaimer of opinion paragraph below, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly we do not express an opinion on the financial statements, defined below.

Basis for disclaimer of opinion

The audit evidence available to us was limited regarding the carrying value of the company's investments due to the internal reporting structure of the global group which does not financially forecast based on the investment structure. Consequently impairment reviews have not been prepared to support the carrying value of the investments.

Orvet UK's investment in subsidiary companies is carried at £6,908,854,000 on the balance sheet, which represents 106% of Orvet UK's net assets as at 31 December 2013. We have not been able to obtain appropriately detailed support for the continued carrying value of this investment. As a result, we were unable to determine whether any impairment was necessary in respect of Orvet UK's investment carrying values.

This disclaimer of opinion is to be read in the context of what we say in the remainder of this report.

What we were engaged to audit

The financial statements, which are prepared by Orvet UK, comprise:

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

The financial reporting framework that has been applied in their preparation is 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 Annual Report 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 other matter prescribed by the Companies Act 2006

Notwithstanding our disclaimer of an opinion on the financial statements, in our opinion the information given in the Strategic Report and the Directors' Report 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

Adequacy of accounting records and information and explanations received

Arising from the limitation of our work referred to in the Basis for disclaimer of opinion paragraph above:

we have not obtained all the information and explanations that we considered necessary for the purpose of our audit;
and

we were unable to determine whether adequate accounting records have been kept.

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

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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement, 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. Because of the matter described in the Basis for disclaimer of opinion paragraph above, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

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.



Randal Casson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
9 January 2015

Orvet UK

Profit and loss account for the year ended 31 December 2013

	Note	2013 £'000	2012 £'000
Operating (expenditure)/income		(2,859)	13,457
Operating (loss)/profit	2	(2,859)	13,457
Interest payable and similar charges	3	(26,330)	(24,846)
Loss on ordinary activities before taxation		(29,189)	(11,389)
Tax on loss on ordinary activities	6	-	-
Loss for the financial year	12	(29,189)	(11,389)

All of the activities shown above relate to continuing operations.

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

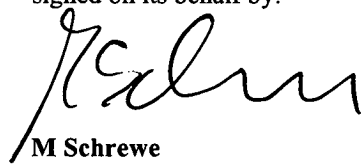
There is no difference between the loss on ordinary activities before taxation and the loss for the financial years stated above, and their historical cost equivalents.

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Balance sheet as at 31 December 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Investments	7	6,908,854	6,908,854
Current assets			
Debtors	8	151	151
		151	151
Creditors - amounts falling due within one year	9	(432,590)	(403,401)
Net current liabilities		(432,439)	(403,250)
Total assets less current liabilities and net assets		6,476,415	6,505,604
Capital and reserves			
Called up share capital	11	-	-
Share premium account	12	4,815,094	4,815,094
Merger reserve	12	1,918,196	1,918,196
Capital contribution reserve	12	242,607	242,607
Profit and loss account	12	(499,482)	(470,293)
Total shareholders' funds	13	6,476,415	6,505,604

The financial statements on pages 7 to 15 were approved by the board of directors on 9 January 2015 and were signed on its behalf by:



M Schrewe
Director

Registered number: 03188178

Notes to the financial statements for the year ended 31 December 2013

1. Significant accounting policies

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior year.

Basis of accounting

The financial statements have been 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 financial statements contain information about Orvet UK 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. Consequently, the company is exempt under the terms of FRS 1, cash flow statements, from publishing a cash flow statement.

Deferred taxation

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Foreign currencies

Transactions denominated in foreign currencies are translated at the rates of exchange ruling at the date of the transaction, except where they are covered by forward exchange contracts where the contracted rates of exchange are used. Assets and liabilities are translated into Sterling at rates of exchange ruling at the balance sheet date. All currency profits and losses are dealt with in the profit and loss account.

Fixed asset investments

Fixed asset investments are shown at cost less provision for impairment. The carrying value of investments is periodically reviewed for events or changes in circumstances which indicate that the carrying value may not be recoverable.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

2. Operating (expenditure)/income

Profit/(loss) on ordinary activities before interest and taxation is stated after (charging)/crediting:

	2013 £'000	2012 £'000
Foreign exchange (loss)/gain	(2,680)	15,792

The auditors' remuneration for both the current and prior year was borne by a subsidiary undertaking, Teva UK Limited.

During the year the company obtained the following services from its auditor at costs detailed below:

	2013 £'000	2012 £'000
Services relating to taxation	119	33

3. Interest payable and similar charges

	2013 £'000	2012 £'000
Interest payable to group undertakings	26,330	24,846

4. Directors' emoluments

	2013 £'000	2012 £'000
Aggregate emoluments	72	20
Company pension contributions to money purchase schemes	4	1

The emoluments of R Daniell and R Williams (2012: R Williams and D Bhattacharjee) were paid by a subsidiary undertaking, Teva UK Limited. The emoluments of Mr M Schrewe were paid by ratiopharm GmbH. Their total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of Teva UK Limited. During the year £76,000 (2012: £21,000) was recharged from Teva UK Limited for the services of R Daniell and M Schrewe (2012: R Williams and D Bhattacharjee).

The emoluments of T Andriessen were paid by Teva Pharmaceuticals Europe B.V. The total emoluments of T Andriessen are included in the aggregate of the directors' emoluments disclosed in the financial statements of Teva Pharmaceuticals Europe B.V.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

5. Staff costs

The company has no employees other than the directors (2012: none).

6. Tax on loss on ordinary activities

	2013 £'000	2012 £'000
Current tax on loss for the year	-	-
Deferred tax	-	-
Tax charge for the year	-	-

The tax charge assessed for the years differs from that calculated at the effective standard rate of corporation tax in the UK of 23.25% (2012: 24.5%). The differences are explained below:

	2013 £'000	2012 £'000
Loss on ordinary activities before tax	(29,189)	(11,389)
Loss on ordinary activities multiplied by the effective standard rate of corporation tax in the UK of 23.25% (2012: 24.5%)	(6,786)	(2,791)
Effects of:		
Amounts not taxable	623	(3,870)
Group relief surrendered for no consideration	6,163	6,661
Total current tax charge	-	-

The main rate of UK corporation tax was reduced from 26% to 24% on 1 April 2012. It was further reduced to 23% on 1 April 2013. This reduction was substantively enacted on 3 July 2012 and is therefore reflected in these financial statements.

Further reductions were substantively enacted on 2 July 2013, resulting in a reduction of the main rate of UK corporation tax to 21% on 1 April 2014, and then 20% on 1 April 2015.

As a consequence of these further reductions, deferred tax assets and liabilities at the balance sheet date have been recognised at the lower rates of UK corporation tax.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

7. Fixed asset investments

	Interests in subsidiary undertakings £'000
Cost	
At 1 January 2013 and 31 December 2013	7,453,053
Provision	
At 1 January 2013 and 31 December 2013	544,199
Net book value	
At 31 December 2012 and 31 December 2013	6,908,854

Details of the company's principal investments in group undertakings are set out below:

Name of undertaking	Country of incorporation	Description of shares held	Held by company %	Held by subsidiaries %
Teva Pharmaceuticals USA	USA	Common stock	100%	-
Teva UK Holdings Limited	Great Britain	Ordinary £1 shares	100%	-
Teva UK Limited	Great Britain	Deferred £1 shares	-	100%
Teva Pharmaceutical Finance BV	Netherlands Antilles	B shares	-	99%
Teva Pharmaceutical Finance II BV	Netherlands Antilles	B shares	-	99%
Teva Pharmaceutical Finance III BV	Netherlands Antilles	B shares	-	99%
Cephalon Holdings Limited	Great Britain	Ordinary £1 shares	31%	-

The principal business activities of the subsidiary undertakings are as follows:

- Teva Pharmaceuticals USA – development, manufacture and marketing of pharmaceutical products
- Teva UK Holdings Limited – intermediate parent company
- Cephalon Holdings Limited – intermediate parent company
- Teva UK Limited – distribution of pharmaceutical products
- Teva Pharmaceutical Finance BV – financing activities
- Teva Pharmaceutical Finance II BV – financing activities
- Teva Pharmaceutical Finance III BV – financing activities

The directors believe that the carrying value of the investments is supported by their underlying net assets.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

8. Debtors

	2013 £'000	2012 £'000
Amounts falling due within one year		
Amounts owed by group undertakings	142	142
Other debtors	9	9
	151	151

No interest is receivable on amounts due from group undertakings. No security is held for non-trading amounts due from group undertakings, which have no fixed date of repayment and are repayable on demand.

9. Creditors – amounts falling due within one year

	2013 £'000	2012 £'000
Amounts owed to group undertakings	432,590	403,401

Interest is due on the amount owed to Teva Pharmaceutical Finance BV, a group undertaking, at a rate of 6.17% per annum (2012: 6.17%). No security is held for balances owed to group undertakings, which are repayable on demand.

10. Deferred taxation

No deferred taxation has been recognised in the financial statements. The unrecognised deferred tax asset is as follows:

	Amount unrecognised	
	2013 £'000	2012 £'000
Tax effect of timing differences because of:		
Losses	1,891	2,157
Deferred tax asset	1,891	2,157

The directors consider that it is unlikely that there will be sufficient taxable profits in the future such as to realise the deferred tax asset, and therefore the potential asset has not been recognised in these financial statements.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

11. Called up share capital

	2013	2012
Authorised		
50,000 ordinary shares of £0.01 each (2012: 50,000 ordinary shares of £0.01 each)	£500	£500
100 ordinary shares of \$1.00 each (2012: 100 ordinary shares of \$1.00 each)	\$100	\$100
Allotted, called up and fully paid		
48,661 ordinary shares of £0.01 each (2012: 48,661 ordinary shares of £0.01 each)	£487	£487

12. Reserves

	Merger reserve £'000	Share premium account £'000	Capital contribution reserve £'000	Profit and loss account £'000
At 1 January 2013	1,198,196	4,815,094	242,607	(470,293)
Loss for the year	-	-	-	(29,189)
At 31 December 2013	1,198,196	4,815,094	242,607	(499,482)

13. Reconciliation of movements in shareholders' funds

	2013 £'000	2012 £'000
Loss for the financial year	(29,189)	(11,389)
Decrease in shareholders' funds	(29,189)	(11,389)
Opening shareholders' funds	6,505,604	6,516,993
Closing shareholders' funds	6,476,415	6,505,604

14. Related party transactions

The company is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited, whose consolidated financial statements are publicly available for inspection. Consequently, the company has taken advantage of the exemption available under the terms of FRS 8 not to disclose related party transactions with group companies.

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Notes to the financial statements for the year ended 31 December 2013 (continued)

15. Ultimate parent company

The immediate parent undertaking is Teva Pharmaceuticals Europe BV, a company incorporated in the Netherlands.

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

The smallest and largest group in which the results of the company are consolidated is that of the ultimate parent company. Copies of the ultimate parent's consolidated financial statements may be obtained from 5 Basel St. Petach Tikva 49131, Israel.