

UCB (Investments) Limited

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

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UCB (INVESTMENTS) LIMITED

REPORTS OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their reports and 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 01106309) is that of a holding Company, providing management and financial services to its subsidiaries.

The Company made a loss for the financial year of £1,210,000 (2012: profit of £1,897,000). After allowing for actuarial losses on defined benefit pension schemes less deferred tax of £672,000 (2012: £5,363,000) the total recognised loss for the year was £1,882,000 (2012: £3,466,000 recognised loss).

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 asset report, mitigate and manage actual or potential risk or exposures.

UCB (Investments) 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.

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.

UCB (INVESTMENTS) LIMITED
REPORTS OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2013

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 act as a Group holding Company for fellow subsidiaries in the forthcoming future.

On behalf of the Board:



M G Hardy
Director

18th July 2014

UCB (INVESTMENTS) LIMITED

REPORTS OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2013

DIRECTORS' REPORT

DIRECTORS

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

M G Hardy
S C Jones (resigned 30 June 2013)
Y Khatri (appointed 24 June 2013)

DIVIDENDS

No dividend was declared during the year (2012: £nil).

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.

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/she ought to have taken as a director to make himself/herself 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

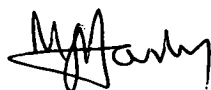
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

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

18 July 2014

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UCB (INVESTMENTS) 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 UCB (Investments) Limited, comprise:

- the balance sheet as at 31 December 2013;
- the profit and loss account for the year then ended;
- the statement of total recognised gains and losses 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 UCB (INVESTMENTS) LIMITED

Responsibilities for the financial statements and the audit

Our responsibilities and those of the Directors

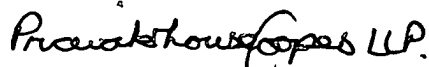
As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

UCB (INVESTMENTS) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

| | Note | 2013 £'000 | 2012 £'000 |
|---|------|----------------|---------------|
| Administrative expenses | | (895) | (565) |
| Operating loss | 2 | (895) | (565) |
| Income from shares in group undertakings | 3 | - | 2,169 |
| Interest receivable and similar income | 4 | 229 | 274 |
| (Loss) / Profit on ordinary activities before taxation | | (666) | 1,878 |
| Tax on (loss) / profit on ordinary activities | 5 | (544) | 19 |
| (Loss) / Profit for the financial year | 11 | (1,210) | 1,897 |

The notes on pages 9 to 15 form part of these financial statements.

All results derive from continuing operations.

There is no material difference between the profit / (loss) on ordinary activities before taxation and the profit / (loss) for the years stated above and their historical cost equivalents.

UCB (INVESTMENTS) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

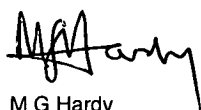
| | Note | 2013 £'000 | 2012 £'000 |
|---|------|-----------------------|-----------------------|
| (Loss) / Profit for the financial year | | (1,210) | 1,897 |
| Actuarial losses on defined benefit pension schemes | 16 | (1,250) | (6,965) |
| Deferred tax | 9 | 578 | 1,602 |
| | | <u>(672)</u> | <u>(5,363)</u> |
| Total recognised gains and (losses) for the financial year | | <u>(1,882)</u> | <u>(3,466)</u> |

UCB (INVESTMENTS) LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2013

| | Note | 2013 £'000 | 2012 £'000 |
|---|------|----------------|----------------|
| Fixed Assets | | | |
| Investments | 6 | 938,153 | 938,153 |
| | | <u>938,153</u> | <u>938,153</u> |
| Current Assets | | | |
| Debtors | 7 | 19,189 | 22,511 |
| Cash at bank and in hand | | <u>2,987</u> | <u>1,905</u> |
| | | 22,176 | 24,416 |
| Creditors: amounts falling due within one year | 8 | <u>(1,513)</u> | <u>(1,547)</u> |
| Net current assets | | <u>20,663</u> | <u>22,869</u> |
| Total assets less current liabilities | | <u>958,816</u> | <u>961,022</u> |
| Net assets excluding pension scheme liability | | <u>958,816</u> | <u>961,022</u> |
| Defined benefit pension scheme net deficit | 16 | <u>(1,700)</u> | <u>(2,024)</u> |
| Net assets including pension scheme liability | | <u>957,116</u> | <u>958,998</u> |
| Capital and reserves | | | |
| Called up share capital | 10 | 45,928 | 45,928 |
| Share premium account | 11 | 915,804 | 915,804 |
| Profit and loss account | 11 | <u>(4,616)</u> | <u>(2,734)</u> |
| Total shareholders' funds | 12 | <u>957,116</u> | <u>958,998</u> |

The notes on page 9 to 15 form part of these financial statements.

The financial statements were approved by the Board of Directors on 18/07/2014 and signed on their behalf by:



M G Hardy
Director



Y Khatri
Director

UCB (Investments) Limited Registered Number: 01106309

UCB (INVESTMENTS) 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 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.

The Company is exempt by virtue of part 15, section 400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

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.

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.

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.

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in 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.

INVESTMENTS

Investments are carried at the lower of cost and recoverable amount. Investments are tested for impairment by comparing the carrying value of the investment with its recoverable amount on an annual basis at the balance sheet date.

RETIREMENT BENEFITS

FRS17 has been followed for retirement benefits.

For defined benefit schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the estimated regular cost of providing the benefits accrued in the year, adjusted to reflect variations from that cost. The interest cost and expected return on assets are included within other finance costs.

Actuarial gains and losses arising from new valuations and from updating valuations to the balance sheet date are recognised in the Statement of Total Recognised Gains and Losses.

Defined benefit schemes are funded, with the assets held separately from the Company in separate trustee administered funds. Full actuarial valuations, by a professionally qualified actuary, are obtained at least every three years, and updated to reflect current conditions at each balance sheet date. The pension scheme assets are measured at fair value. The pension scheme liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency.

A pension scheme asset is recognised only to the extent of the expected net present value of future current service costs or to the extent that the trustees have agreed a refund from the scheme at the balance sheet date. A pension scheme liability is recognised to the extent that the Company has a legal or constructive obligation to settle the liability.

UCB (INVESTMENTS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES (CONTINUED)

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.

2 OPERATING LOSS

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Operating loss is stated after charging: | | |
| Auditors' remuneration – audit fees | 6 | 6 |
| Defined benefit pension scheme charges / (credits) to operating loss: | | |
| Current service cost | 593 | 742 |
| Costs recharged to Group undertakings | - | (171) |
| Loss on settlement | - | 125 |
| | <u>593</u> | <u>696</u> |

The Company has no employees (2012: nil) and no staff costs (2012: £nil).

None of the directors received nor were due remuneration from the Company during the year (2012: £nil).

The emoluments of the directors were paid by the parent company. The directors' services to this company and to the parent company are of a non-executive nature and their emoluments are deemed to be wholly attributable to their services to the parent company. Accordingly, the Profit and Loss account includes no emoluments in respect of the directors.

The Company acts as sponsoring employer for three defined benefit pension schemes and the pension costs reflect the pension costs not borne by other Group companies.

3 INCOME FROM SHARES IN GROUP UNDERTAKINGS

| | 2013 £'000 | 2012 £'000 |
|---|---------------|---------------|
| Dividend received from Group undertakings | <u>-</u> | <u>2,169</u> |
| | <u>-</u> | <u>2,169</u> |

4 INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2013 £'000 | 2012 £'000 |
|---|----------------|----------------|
| Bank interest receivable | 3 | 9 |
| Interest receivable from Group undertakings | 44 | 247 |
| Expected return on pension scheme assets | 5,695 | 6,173 |
| Interest cost on pension scheme liabilities | <u>(5,513)</u> | <u>(6,155)</u> |
| | <u>229</u> | <u>274</u> |

UCB (INVESTMENTS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2013 £'000 | 2012 £'000 |
|---|---------------------|-----------------------|
| <i>Current tax:</i> | | |
| UK Corporation tax on profit of the year | (1,060) | (1,018) |
| Adjustment in respect of prior year | 239 | - |
| | <u>(821)</u> | <u>(1,018)</u> |
| <i>Deferred tax:</i> | | |
| Origination and reversal of timing differences | 1,365 | 999 |
| Tax on profit on ordinary activities | <u>544</u> | <u>(19)</u> |
| The tax assessed for the year is lower (2012: lower) than the standard rate of corporation tax in the UK 23.25% (2012: 24.5%). The differences are explained below. | | |
| Loss / (Profit) on ordinary activities before taxation | (666) | 1,878 |
| Loss /(Profit) on ordinary activities multiplied by the standard rate of corporation tax in the United Kingdom 23.25% (2012: 24.5%) | (155) | 460 |
| <i>Effects of:</i> | | |
| Net movement in pension scheme liability not liable to tax | (905) | (947) |
| Dividend income not taxable | - | (531) |
| Adjustment in respect of prior year | 239 | - |
| Current tax charge for the year | <u>(821)</u> | <u>(1,018)</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.

| | | |
|---|---------------|---------------|
| Amounts charged to the statement of total recognised gains and losses | 2013 £'000 | 2012 £'000 |
| Deferred taxation; origination and reversal of timing difference | 578 | 1,602 |

6 FIXED ASSET INVESTMENTS

| | Shares in subsidiary undertakings £'000 |
|----------------------------|--|
| Cost | |
| At 1 January 2013 | 938,153 |
| At 31 December 2013 | 938,153 |
| Provisions | |
| At 1 January 2013 | - |
| At 31 December 2013 | - |
| Net book value | |
| At 31 December 2013 | 938,153 |
| At 31 December 2012 | 938,153 |

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

During the year Vedim Limited was liquidated, Viking Trading Company Limited and UCB Watford Limited were merged into Celltech Group Limited and UCB Australia Pty Limited and UCB Pharma S.p.A were sold to Celltech Group Limited.

At 31 December 2013 the Company held 100% shareholding in the following subsidiary undertaking:

| Subsidiary Undertaking | Principal business activity | Country of Incorporation | Description of shares held |
|------------------------|-----------------------------|--------------------------|----------------------------|
| Celltech Group Limited | Holding company | England and Wales | Ordinary shares |

UCB (INVESTMENTS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

7 DEBTORS

| | 2013 £'000 | 2012 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by Group undertakings | 19,127 | 22,482 |
| Other debtors | 62 | 25 |
| Prepayments and accrued income | - | 4 |
| | <u>19,189</u> | <u>22,511</u> |

The amounts owed by Group undertakings are unsecured and are repayable on demand. £3,191,000 (2012: £2,342,000) is interest free, £nil (2012: £20,016,000) bears interest at an annual rate of 1.16% (2012: 1.16%) and £15,936,000 bears interest at an average rate of 0.25%.

8 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 2013 £'000 | 2012 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to Group undertakings | 1,500 | 1,501 |
| Accruals and deferred income | 13 | 46 |
| | <u>1,513</u> | <u>1,547</u> |

Amounts owed to group undertakings are unsecured, are interest free and are repayable on demand.

9 DEFERRED TAXATION

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Balance as at 1 January | 1,979 | 1,376 |
| Profit and loss account charge | (1,365) | (999) |
| Charge to the Statement of Total Recognised Gains and Losses | 578 | 1,602 |
| Liability as at 31 December (note 16) | <u>1,192</u> | <u>1,979</u> |

The deferred taxation liability relates to the pension scheme assets and liabilities. A rate of 20% (2012: 23%) has been used to calculate the final balances.

10 CALLED UP SHARE CAPITAL

| | 2013 £'000 | 2012 £'000 |
|--|---------------|---------------|
| Authorised | | |
| 44,928,426 (2012: 44,928,426) redeemable cumulative preference shares of £1 each | 44,928 | 44,928 |
| 1,000,100 (2012: 1,000,100) ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| | <u>45,928</u> | <u>45,928</u> |
| Allotted and fully paid | | |
| 44,928,426 (2012: 44,928,426) redeemable cumulative preference shares of £1 each | 44,928 | 44,928 |
| 1,000,100 (2012: 1,000,100) ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| | <u>45,928</u> | <u>45,928</u> |

The redeemable cumulative preference shares carry the right to receive the same dividend as the ordinary shares and shareholders are not entitled to vote at a general meeting unless dividends are in arrears or the business of the meeting affects the rights attaching to the shares or the borrowing powers of the directors. These shares are repayable, including arrears of dividend, at the option of the Company on giving thirty days' notice. On a winding up the shareholders are entitled to be repaid in full, including arrears of dividend, in priority to ordinary shareholders.

1,000,000 ordinary shares of £1 were issued and allotted in consideration of the Company acquiring Celltech Group Limited from UCB Lux S.A. in October 2012.

UCB (INVESTMENTS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

11 RESERVES

| | Share Premium Account £'000 | Profit and loss account £'000 | Total £'000 |
|-----------------------------------|--------------------------------|-------------------------------------|----------------|
| At 1 January 2013 | 915,804 | (2,734) | 913,070 |
| Loss for the financial year | - | (1,210) | (1,210) |
| Other recognised gains and losses | - | (672) | (672) |
| At 31 December 2013 | 915,804 | (4,616) | 911,188 |

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 2013 £'000 | 2012 £'000 |
|--|----------------|----------------|
| Profit / (loss) for the financial year | (1,210) | 1,897 |
| Other Recognised gains and losses | (672) | (5,363) |
| Issue of new shares | - | 916,804 |
| Net movement in shareholders' funds | (1,882) | 913,338 |
| Opening shareholders' funds | 958,998 | 45,660 |
| Closing shareholders' funds | 957,116 | 958,998 |

13 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.

14 PARENT UNDERTAKING

The immediate and ultimate parent company and controlling party of the Company is UCB S.A, a company incorporated in Belgium, which is the parent undertaking of the smallest and largest group in which the Company's results are consolidated. Copies of the respective financial statements of each of these companies can be obtained from Celltech Group Limited, 208 Bath Road, Slough, Berkshire, SL1 3WE.

15 CONTINGENT LIABILITIES

PENSION FUND

On 26 June 2007 an account charge was registered between the Company and the UCB British Pension Trust Limited, being the present corporate trustee of the UCB British Pension Scheme, on a newly created deposit escrow account. The Company has agreed to pay the pension contributions into this account which can be used to fund any future deficit in the UCB British Pension Scheme. As at 31 December 2013 the balance on this escrow account was £2,659,090 (2012: £1,753,000).

16 PENSION COMMITMENTS

Nature of schemes

UCB (Investments) Limited is the sponsoring employer for three pension schemes which are constituted through separate independent trusts. The schemes are contributory, funded, defined benefit schemes, the benefits of which are based on final pensionable pay. The Company had no active members in the schemes during 2013 (2012: none), the scheme members being employees of other UCB Group companies in the United Kingdom.

The last full actuarial valuations of the three schemes were carried out on 1 January 2013 and were updated in accordance with Financial Reporting Standard 17 (FRS17) to 31 December 2013 by a qualified independent actuary. The information below relates to the three schemes combined.

UCB (INVESTMENTS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

16 PENSION COMMITMENTS (CONTINUED)

| The major assumptions used by the actuary were: | At 31/12/2013 % | At 31/12/2012 % | At 31/12/2011 % |
|---|--------------------|--------------------|--------------------|
| Rate of increase in salaries | 4.50 | 4.00 | 4.00 |
| Rate of increase of pensions in payment | 3.50 | 3.00 | 3.00 |
| Discount rate | 4.25 | 4.00 | 4.75 |
| Inflation assumption - RPI | 3.50 | 3.00 | 3.00 |
| Inflation assumption - CPI | 3.00 | 2.50 | 2.50 |

The above assumptions related to all three schemes.

The assets in the schemes and the expected rate of return were:

| | Long term rate of return expected at 31/12/13 % | Value at 31/12/2013 £'000 | Long term rate of return expected at 31/12/12 % | Value at 31/12/2012 £'000 | Long term rate of return expected at 31/12/11 % | Value at 31/12/2011 £'000 |
|--|--|---------------------------------|--|---------------------------------|--|---------------------------------|
| Growth funds | 5.25 | 18,019 | 5.50 | 15,414 | 6.25 | 13,084 |
| Liability matching funds | 1.50 | 1,739 | 1.00 | 2,059 | 0.75 | 2,082 |
| Annuities | 4.25 | 119,392 | 4.00 | 120,003 | 4.75 | 112,158 |
| Cash | 3.25 | 2,073 | 3.25 | 2,477 | 3.25 | 2,305 |
| Total market value of assets | | 141,223 | | 139,953 | | 129,629 |
| Present value of scheme liabilities | | (141,066) | | (138,968) | | (135,132) |
| Net surplus / (deficit) in the schemes | | 157 | | 985 | | (5,503) |
| Assets not recognised | | (3,049) | | (4,988) | | - |
| Deferred tax (note 9) | | 1,192 | | 1,979 | | 1,376 |
| | | (1,700) | | (2,024) | | (4,127) |
| Analysed as: | | | | | | |
| Scheme with a deficiency of assets | | (1,700) | | (2,024) | | (4,127) |
| | | (1,700) | | (2,024) | | (4,127) |

The assets in any of the three pension funds were not recognised as a result of the surpluses being restricted in accordance with paragraph 41 of FRS 17 (2012: not recognized).

UCB (INVESTMENTS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
AT YEAR ENDED THE YEAR ENDED 31 DECEMBER 2013

16 PENSION COMMITMENTS (CONTINUED)

| | 2013 | 2012 |
|--|-----------------------|-----------------------|
| | £'000 | £'000 |
| Movements in deficit during the year | | |
| Deficit in schemes at beginning of the year | (4,003) | (5,503) |
| Movement in year: | | |
| Current service cost | (593) | (742) |
| Contributions | 2,772 | 9,064 |
| Other finance income | 182 | 18 |
| Loss on settlement | - | 125 |
| Actuarial loss | (1,250) | (6,965) |
| Recognisable deficit in schemes at the end of the year | <u>(2,892)</u> | <u>(4,003)</u> |

| | 2013 | 2012 |
|--|-----------------------|-----------------------|
| | £'000 | £'000 |
| Analysis of amounts recognized in the statement of total recognized gains and losses ("STRGL") | | |
| Actual return less expected return on pension scheme assets | 426 | 6,800 |
| Experience gains and losses arising on the scheme liabilities | (1,190) | 401 |
| Changes in financial assumptions underlying the scheme liabilities | (2,425) | (9,178) |
| Increase / (decrease) in unrecognized surplus | 1,939 | (4,988) |
| Actuarial loss recognised in STRGL | <u>(1,250)</u> | <u>(6,965)</u> |

| | 2013 | 2012 | 2011 | 2010 | 2009 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|---------------------|
| History of experience gains and losses | | | | | |
| Defined benefit obligation | (141,066) | (138,968) | (135,132) | (126,236) | (126,652) |
| Plan assets | 141,223 | 139,953 | 129,629 | 121,575 | 131,295 |
| Net surplus/(deficit) in the schemes | 157 | 985 | (5,503) | (4,661) | 4,643 |
| Assets not recognised | (3,049) | (4,988) | - | - | (1,570) |
| (Deficit)/surplus | <u>(2,892)</u> | <u>(4,003)</u> | <u>(5,503)</u> | <u>(4,661)</u> | <u>3,073</u> |
| Difference between the expected and actual return on scheme assets: | | | | | |
| Amount - £'000 | 426 | 6,800 | 5,453 | (12,345) | 1,813 |
| Percentage of scheme assets | 0% | 5% | 4% | (10%) | 1% |
| Experience gains and losses on scheme liabilities: | | | | | |
| Amount - £'000 | (1,190) | 401 | 39 | 814 | 205 |
| Percentage of present value of scheme liabilities | 1% | 0% | 0% | 1% | 0% |
| Total amount recognised in the statement of recognised gains and losses | | | | | |
| Amount - £'000 | (1,250) | (6,965) | (2,454) | (9,088) | (3,814) |
| Percentage of present value of scheme liabilities | (1%) | (5%) | (2%) | (7%) | (3%) |