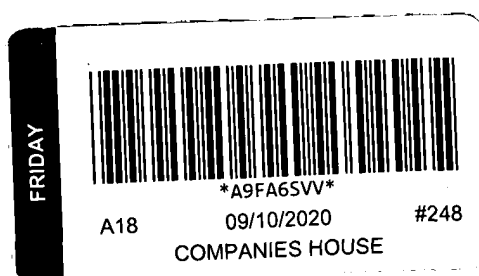


**UCB (Investments) Limited**

**Annual Report and Financial Statements for the  
year ended 31 December 2019**

**Company registration number: 01106309**



## **UCB (Investments) Limited**

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## **UCB (Investments) Limited**

### **STRATEGIC REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors present their Strategic Report of UCB (Investments) Limited (the "Company") for the year ended 31 December 2019, detailing the main factors impacting upon the business during the year and a review of progress.

#### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The principal activity of the Company (registered number: 01106309) is that of a holding company to its subsidiaries.

The Company made a profit for the financial year of £16,504,000, (2018: £25,037,000).

The total comprehensive income for the year was £16,504,000 (2018: £25,037,000).

The Company has net assets of £463,122,000 (2018: £463,068,000) at the Balance Sheet date.

#### **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.

UCB (Investments) Limited is part of the UK Group of UCB Companies and as such is included within the global Risk Management policy.

#### *Brexit uncertainties*

In a referendum held on 23 June 2016, the UK resolved to leave the European Union ('EU'). On 31 January 2020, the UK left the EU and has now entered an 11 month transition period until the end of 2020. During this period, the UK government will negotiate the terms of the UK's future relationship with the EU. Although, it is still unknown what those terms will be, Brexit may create global economic uncertainty, which may affect the Company. However, at the date of signing these financial statements the full impact is not known and management continues to monitor this on an ongoing basis.

#### **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.

#### **SECTION 172 (1) STATEMENT**

The directors have a duty to promote the success of the Company which is a key consideration when determining the Company's strategy. The Directors ensure they have suitable access to information to allow them to make informed business decisions and the directors consider whether they possess sufficient information regarding the stakeholder interests which are affected by their actions. In instances when the directors do not have all the information relevant to a decision, it is important to consider the expertise of others and care is taken to assess the source, quality and quantity of all information available.

Delivering UCB's strategy requires strong mutually beneficial relationships with suppliers, customers, government, National Health Authorities and other partners. The Company seeks the promotion and application of certain general principles in such relationships. The ability to promote these principles effectively is an important factor in the decision to enter into or remain in such relationships and this alongside other standards are reviewed and approved by the Board periodically. The Board also reviews and approves UCB's approach to suppliers which is set out by UCB's Global purchasing function. The businesses continuously assess the priorities related to customers and those with whom we do business, and the Board engages with the businesses on these topics, for example, within the context of business strategy updates and investment proposals.

Moreover, the Directors receive information updates on a variety of topics that indicate and inform how these stakeholders have been engaged. These range from information provided from the Purchasing function (on suppliers and supplier contract management topics) to information provided by the businesses (on customers for example, business strategies, projects and investment or divestment proposals).

**UCB (Investments) Limited**  
**STRATEGIC REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

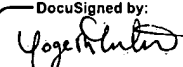
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**SECTION 172 (1) STATEMENT (CONTINUED)**

The Directors aim to attract and retain talented employees from diverse backgrounds and industries by building a world-class culture based on integrity, respect and inclusion in which people have opportunities to do purpose-driven work that impacts customers, communities and co-workers globally.

On behalf of the Board:

Y Khatri  
Director

DocuSigned by:  
  
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Date: 30-Sep-2020

## **UCB (Investments) Limited**

### **DIRECTORS' REPORT**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

---

The Directors are responsible for preparing the Strategic Report, the Directors' Report and audited Financial Statements of the Company for the year ended 31 December 2019 (referred to as "2019" and "year" throughout the Financial Statements).

#### **FINANCIAL RISK MANAGEMENT**

The Company is exposed to various financial risks arising from its operations and UCB Group corporate finance activities. The Group manages, on behalf of the subsidiaries, these financial risks. These financial risks are market risk (including foreign exchange risk and interest rate 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 Statement of Comprehensive Income. 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.

##### **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.

#### **FUTURE DEVELOPMENTS**

UCB are looking at ways to streamline the future structure of the UCB companies in the UK. The objective would be to stream line the companies and reduce administrative burden. UCB investments will be part of this review.

#### **SUPPLIERS, CUSTOMERS AND OTHERS**

In the Strategic report, within the Section 172 (1) Statement on pages "2&3", the directors have summarised how they have engaged with suppliers, customers and others in a business relationship.

#### **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 (Company Secretary and a Director)  
Y Khatri  
D Coombes

#### **DIVIDENDS**

The Directors have proposed a final dividend and was duly paid in respect of the current financial year of £16,450,000 (2018: £24,960,000).

#### **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, is currently in force and will remain in force at the date of the approval of these financial statements. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

**UCB (Investments) Limited**  
**DIRECTORS' REPORT (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**POST BALANCE SHEET EVENTS**

The first quarter of 2020 was notably marked by the Covid-19 pandemic which is raging in United Kingdom and in the rest of the world. In March, 2020, the British government decided, amongst others, to place United Kingdom in total containment in order to prevent the spread of the virus. These measures are similar to those taken in other European countries such as Belgium, Italy, Spain and France.

UCB currently continues to manufacture and supply all products during this period with no foreseen issues. The potential financial impact of this event on the 2020 results of UCB (Investments) Ltd is currently being assessed. The figures as of December 31, 2019 are however not impacted.

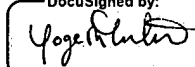
**STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

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/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**

Pursuant to section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and PricewaterhouseCoopers LLP will therefore continue in office.

On behalf of the board:

DocuSigned by:  
  
6DFFD13E05BF438...

Y Khatra  
Director

208 Bath Road  
Slough  
Berkshire  
United Kingdom  
SL1 3WE

Date: 30-Sep-2020

## **UCB (Investments) Limited**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

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The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with the applicable law and regulations.

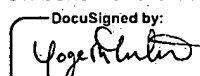
Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are 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.

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.

On behalf of the board:

DocuSigned by:  
  
6DFFD13E05BF438...

**Y Khatri**  
**Director**

208 Bath Road  
Slough  
Berkshire  
United Kingdom  
SL1 3WE

Date: 30-Sep-2020

## ***Independent auditors' report to the members of UCB (Investments) Limited***

### **Report on the audit of the financial statements**

---

#### **Opinion**

In our opinion, UCB (Investments) Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 31 December 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

---

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

---

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

---

#### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.



## ***Independent auditors' report to the members of UCB (Investments) Limited (continued)***

### **Reporting on other information (continued)**

#### *Strategic Report and Directors' Report*

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

---

### **Responsibilities for the financial statements and the audit**

#### *Responsibilities of the directors for the financial statements*

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statements set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### *Auditors' responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### *Use of this report*

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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## **Other required reporting**

### **Companies Act 2006 exception reporting**

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

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

We have no exceptions to report arising from this responsibility.

---

## **Other matter**

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*

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Uxbridge  
30 September 2020

**UCB (Investments) Limited**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £'000	2018 £'000
Income from shares in group undertakings	3	16,450	24,960
Administrative expenses		(28)	(339)
<b>Operating profit</b>	4	<b>16,422</b>	24,621
Other interest receivable and similar income	5	30	263
Interest payable and similar expenses	6	(2)	-
<b>Profit before taxation</b>		<b>16,450</b>	24,884
Tax on profit	7	54	153
<b>Profit for the financial year</b>		<b>16,504</b>	25,037
<b>Other comprehensive income</b>			
Remeasurements of defined benefit liability		-	-
<b>Total other comprehensive income for the year, net of income tax</b>		-	-
<b>Total comprehensive income for the year</b>		<b>16,504</b>	25,037

The notes on pages 12 to 20 form part of these Financial Statements.

All results derive from continuing operations.

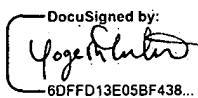
**UCB (Investments) Limited**  
**BALANCE SHEET**  
**AS AT 31 DECEMBER 2019**

	Note	2019 £'000	2018 £'000
<b>Fixed assets</b>			
Investments	8	457,066	457,066
		<u>457,066</u>	<u>457,066</u>
<b>Current assets</b>			
Debtors	9	6,077	4,313
Cash at bank and in hand		-	1,708
		<u>6,077</u>	<u>6,021</u>
<b>Creditors: amounts falling due within one year</b>	10	(21)	(19)
		<u>6,056</u>	<u>6,002</u>
<b>Net current assets</b>			
<b>Total assets less current liabilities</b>		<u>463,122</u>	<u>463,068</u>
<b>Net assets</b>		<u>463,122</u>	<u>463,068</u>
<b>Capital and reserves</b>			
Called up share capital	12	45,928	45,928
Share premium account		391,804	391,804
Profit and loss account		25,390	25,336
<b>Total shareholders' funds</b>		<u>463,122</u>	<u>463,068</u>

The notes on pages 12 to 20 form part of these Financial Statements.

The Financial Statements on pages 9 to 20 were approved by the Board of Directors on behalf by:

30-Sep-2020 and signed on its

DocuSigned by:  
  
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Y Khatri  
 Director

**COMPANY REGISTERED NUMBER: 01106309**

**UCB (Investments) Limited**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT YEAR ENDED 31 DECEMBER 2019**

	<b>Called up share capital</b> <b>£'000</b>	<b>Share premium account</b> <b>£'000</b>	<b>Profit and loss account</b> <b>£'000</b>	<b>Total Shareholders' funds</b> <b>£'000</b>
Balance at 1 January 2018	45,928	915,804	25,259	986,991
Total comprehensive income for the year				
Profit for the financial year	-	-	25,037	25,037
<b>Total comprehensive income for the year</b>	-	-	25,037	25,037
Transactions with owners, recorded directly in equity				
Disposal of own shares	-	(524,000)	-	(524,000)
Dividends	-	-	(24,960)	(24,960)
<b>Total contributions by and distributions to owners</b>	-	(524,000)	(24,960)	(548,960)
<b>Balance at 31 December 2018 and at 1 January 2019</b>	<b>45,928</b>	<b>391,804</b>	<b>25,336</b>	<b>463,068</b>
Total comprehensive income for the year				
Profit for the financial year	-	-	16,504	16,504
<b>Total comprehensive income for the year</b>	-	-	16,504	16,504
Transactions with owners, recorded directly in equity				
Dividends	-	-	(16,450)	(16,450)
<b>Total contributions by and distributions to owners</b>	-	-	(16,450)	(16,450)
<b>Balance at 31 December 2019</b>	<b>45,928</b>	<b>391,804</b>	<b>25,390</b>	<b>463,122</b>

# **UCB (Investments) Limited**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

---

#### **1 ACCOUNTING POLICIES**

##### **BASIS OF PREPARATION**

UCB (Investments) Limited ("the Company") is a private company limited by shares and is incorporated, domiciled and registered in Berkshire, United Kingdom. The principal activity of the Company is that of a holding company, providing management and financial services to its subsidiaries. The registered number is 01106309 and the registered address is 208 Bath Road, Slough, Berkshire, SL1 3WE.

The Company is exempt by virtue of, 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.

These Financial Statements were prepared in accordance with the Companies Act 2006 as applicable to companies using Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these Financial Statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, UCB S.A. includes the Company in its consolidated Financial Statements. The consolidated Financial Statements of UCB S.A. are prepared in accordance with International Financial Reporting Standards and are available to the public and may be obtained from Celltech Group Limited, 208 Bath Road, Slough, Berkshire, SL1 3WE.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement;
- the requirements of Paragraph 38 of IAS 1, 'Presentation of financial statements' - comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors; and
- the requirements of IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group.

As the consolidated Financial Statements of UCB S.A. include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- The disclosures required by IFRS 7 and IFRS 13 regarding financial instrument disclosures have not been provided apart from those which are relevant for the financial instruments which are held at fair value and are not either held as part of a trading portfolio or derivatives; and
- The disclosures required by IAS 36 paragraph 134 (d) to 134 (f), Impairment of assets.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these Financial Statements.

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the Financial Statements and estimates with a significant risk of material adjustment in the next year are discussed in note 2.

##### **ACCOUNTING CONVENTION**

The Financial Statements are prepared on the going concern basis, under the historical cost convention modified by revaluation of financial assets and financial liabilities held at fair value through profit and loss, and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

##### **INTEREST RECEIVABLE AND PAYABLE**

Interest receivable and payable are recognised on an accruals basis.

## **UCB (Investments) Limited**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

### **FOR THE YEAR ENDED 31 DECEMBER 2019**

---

#### **1 ACCOUNTING POLICIES (CONTINUED)**

##### **DIVIDENDS**

Dividends receivable are recognised at the date on which their payment becomes irrevocable. Dividend distributions to the Company shareholders are recognised in the year in which the dividends are approved by the Shareholders.

##### **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.

##### **FOREIGN CURRENCIES**

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 using at the rate of exchange ruling at the Balance Sheet date and the gains or losses on translation are dealt with through the Statement of Comprehensive Income in the year in which they arise. Foreign currency differences are recognised within finance income and expense.

##### **FINANCIAL INSTRUMENTS**

###### **i) Recognition and initial measurement**

Trade debtors are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade debtor without a significant financing component is initially measured at the transaction price.

###### **ii) Classification and subsequent measurement**

Financial assets

###### *a) Classification*

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets.

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits.

The Company's financial assets include intercompany loans and cash, classified as measured at amortised cost and investments in subsidiaries carried at cost less impairment.

# UCB (Investments) Limited

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1 ACCOUNTING POLICIES (CONTINUED)

##### FINANCIAL INSTRUMENTS (CONTINUED)

###### *b) Subsequent measurement and gains and losses*

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method.

The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

###### **iii) Impairment**

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets (as defined in IFRS 15).

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

###### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

###### *Credit-impaired financial assets*

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

###### *Write-offs*

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

##### 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 the asset can be utilised.

Deferred tax is measured at the average tax rates that are expected to apply in the years 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.

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**1 ACCOUNTING POLICIES (CONTINUED)**

**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.

**NON-DERIVATIVE FINANCIAL INSTRUMENTS**

Non-derivative financial instruments comprise trade and other debtors, cash and cash equivalents, loans and borrowings, and trade and other creditors.

Trade and other debtors

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. 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 Statement of Comprehensive Income. Balances are written off when the probability of recovery is assessed as being remote.

Trade and other creditors

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**2 ACCOUNTING ESTIMATES AND JUDGEMENTS**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. These estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

**Tax positions**

The Company operates in complex legal and tax regulatory environments. The income tax positions taken are considered by the Company to be supportable and are intended to withstand challenge from tax authorities. However, it is accepted that some of the positions are uncertain and include interpretations of complex tax laws as well as transfer pricing considerations which could be disputed by tax authorities. A liability is recorded for each item that is not probable of being sustained on examination by the tax authorities based on all relevant information. The liability is calculated by the entity as the single best estimate of the current tax it expects to pay. These estimates are based on facts and circumstances existing at the end of the reporting year. The tax liability and income tax expense include penalties and late payment interests arising from tax disputes.

The recognition of deferred tax assets is based upon whether it is probable that sufficient taxable profits will be available in the future against which the reversal of temporary differences can be used.

**Impairment of investments**

At each reporting date, the Company reviews the carrying amount of its investments in subsidiaries to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. To determine the value in use, the Company uses estimates of future cash flows generated by the investments. Estimated cash flows are discounted using an appropriate rate that reflects current market assessments of the time value of money and the risks specific to the investments.

An impairment loss is recognised directly in the Statement of Comprehensive Income under the "Impairment of fixed asset investment" caption.





**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 INCOME FROM SHARES IN GROUP UNDERTAKINGS**

	2019 £'000	2018 £'000
Dividend received from group undertakings	<u>16,450</u>	<u>24,960</u>

**4 OPERATING PROFIT**

	2019 £'000	2018 £'000
Operating profit is stated after charging:		
Auditors' remuneration – audit related assurance services	<u>11</u>	<u>11</u>

The Company has no employees (2018: nil) and no staff costs (2018: £nil).

None of the Directors received nor were due remuneration from the Company during the year (2018: £nil).

The emoluments of the Directors were paid by another UCB group company. The Directors' services to this company are of a non-executive nature. Accordingly, the Statement of Comprehensive Income includes no emoluments in respect of the Directors.

**5 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME**

	2019 £'000	2018 £'000
Interest receivable from group undertakings	<u>30</u>	<u>263</u>

**6 INTEREST PAYABLE AND SIMILAR EXPENSES**

	2019 £'000	2018 £'000
Foreign exchange losses	<u>2</u>	<u>-</u>

**7 TAX ON PROFIT**

**Recognised in the Statement of Comprehensive Income**

	2019 £'000	2018 £'000
UK corporation tax		
UK Corporation tax on profit of the year at 19% (2018: 19%)	-	(868)
Adjustments in respect of prior years	(54)	(146)
Total current tax	<u>(54)</u>	<u>(1,014)</u>
Deferred tax		
Origination and reversal of timing differences	-	861
Total deferred tax	<u>-</u>	<u>861</u>
<b>Tax on profit</b>	<u>(54)</u>	<u>(153)</u>

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**7 TAX ON PROFIT (CONTINUED)**

**Factors affecting the tax expense**

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK 19% (2018: 19%). The differences are explained below.

**Reconciliation of effective tax rate**

	2019 £'000	2018 £'000
Profit for the year	16,504	25,037
Total tax credit	(54)	(153)
Profit before taxation	16,450	24,884
Tax using the UK corporation tax rate 19% (2018: 19%)	3,126	4,728
Effects of:		
Dividend income not taxable	(3,126)	(4,742)
Tax recognised in losses	-	7
Adjustment in respect of prior year	(54)	(146)
<b>Total tax credit</b>	<b>(54)</b>	<b>(153)</b>

**Factors that may affect future tax charges**

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that a rate of 19% would continue to apply with effect from 1 April 2020, and this change was substantively enacted on 17 March 2020. There is no impact of this change on the tax charge as there are no instances of deferred taxation recognised in the statement of comprehensive income or directly in equity in either the current or prior year.

**8 INVESTMENTS**

	Shares in subsidiary undertakings £'000
<b>Cost</b>	
Balance at 1 January 2019	938,153
<b>Balance at 31 December 2019</b>	<b>938,153</b>
<b>Accumulated impairment</b>	
Balance at 1 January 2019	(481,087)
<b>Balance at 31 December 2019</b>	<b>(481,087)</b>
<b>Net book value</b>	
At 31 December 2018	457,066
<b>At 31 December 2019</b>	<b>457,066</b>

The Directors believe that the carrying value of the investments is supported by their underlying net assets and cash flows.

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**8 INVESTMENTS (CONTINUED)**

At 31 December 2019 the Company held direct or indirect shareholdings in the following subsidiary undertakings:

Subsidiary undertaking	Principal business activity	Country of Incorporation	Registered office address	Percent of shareholding held	Description of shares held
Celltech Group Limited (a)	Holding company	England and Wales	208 Bath Road, Slough, Berkshire, SL 1, 3WE	100%	Ordinary shares
Celltech R&D Limited	Provider of employees to UCB Celltech	England and Wales	208 Bath Road, Slough, Berkshire, SL 1, 3WE	100%	Ordinary shares
Darwin Discovery Limited	Dormant	England and Wales	208 Bath Road, Slough, Berkshire, SL 1, 3WE	100%	Ordinary shares
Celltech Pension Trustees Limited	Pension scheme	England and Wales	208 Bath Road, Slough, Berkshire, SL 1, 3WE	100%	Ordinary shares
UCB Pharma Limited	Sale and marketing of a range of branded speciality and generic pharmaceutical products	England and Wales	208 Bath Road, Slough, Berkshire, SL 1, 3WE	100%	Ordinary shares

(a) Held directly.

**9 DEBTORS**

	2019 £'000	2018 £'000
Amounts owed by group undertakings	6,023	4,313
Prepayments and accrued income	54	-
	<b>6,077</b>	<b>4,313</b>

Amounts owed by group undertakings are unsecured and are repayable on demand. £44,528 (2018: £4,059,065) is interest free and £6,023,965 (2018: £269,935) bears interest at LIBOR GBP 1 month less 0.10% (2018: 0.25%).

Debtors include other debtors of £nil (2018: £nil) due after more than one year.

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £'000	2018 £'000
Trade credits	1	-
Accruals and deferred income	20	19
	<b>21</b>	<b>19</b>

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**11 DEFERRED TAX ASSETS**

Recognised deferred tax assets are attributable to the following:

Movement in deferred tax during the year:

	1 January 2019	Recognised in income	Recognised in other comprehensive income	31 December 2019
	£'000	£'000	£'000	£'000
Defined benefit pension scheme net asset	-	-	-	-

Movement in deferred tax during the prior year:

	1 January 2018	Recognised in income	Recognised in other comprehensive income	31 December 2018
	£'000	£'000	£'000	£'000
Defined benefit pension scheme net asset	861	(861)	-	-

**12 CAPITAL AND RESERVES**

	2019 £'000	2018 £'000
<b>Called up share capital</b>		
<b>Allotted, called up and fully paid</b>		
44,928,426 (2018: 44,928,426) redeemable cumulative preference shares of £1 each	44,928	44,928
1,000,000 (2018: 1,000,000) Ordinary shares of £1	1,000	1,000
Balance as at 1 January and 31 December	45,928	45,928

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.

The directors have proposed a final dividend and was duly paid in respect of the financial year of £16,450,000 (2018: £24,960,000). The dividend per share paid in the year is £0.36 (2018: £0.54).

**13 RELATED PARTY TRANSACTIONS**

The Company is exempt, under paragraph 8(k) of FRS 101, 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.

**UCB (Investments) Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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**14 ULTIMATE PARENT COMPANY**

The Company is a subsidiary undertaking of UCB S.A.. The ultimate and immediate controlling party is UCB S.A. a company registered in Belgium.

The smallest and largest group in which the Company's results are consolidated is that headed by UCB S.A., Allée de la Recherche, 60, Brussels, 1070, Belgium. The consolidated financial statements of UCB S.A. can be obtained from the Company secretary at the following address: UCB (Investments) Limited, 208 Bath Road, Slough, Berkshire, SL1 3WE.

**15 SUBSEQUENT EVENTS**

The first quarter of 2020 was notably marked by the Covid-19 pandemic which is raging in United Kingdom and in the rest of the world. In March 2020 the British government decided, amongst others, to place United Kingdom in total containment in order to prevent the spread of the virus. These measures are similar to those taken in other European countries such as Belgium, Italy, Spain and France.

UCB currently continues to manufacture and supply all products during this period with no foreseen issues. The potential financial impact of this event on the 2020 results of UCB (Investments) Limited is currently being assessed. The figures as of December 31, 2019 are however not impacted.