

# **Schering-Plough Limited**

## **Directors' report and financial statements**

**Registered number 00020626**

**31 December 2018**



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## Directors' report

The Directors present their Director's Report and the audited financial statements for the year ended 2018.

### Principal activities

Schering-Plough Limited is a holding company. Its investments are listed in note 10.

### Business review

The company generated a net profit in the year of £970,000, (2017 Profit: £558,000).

### Principal risks and uncertainties

The company's assets comprise cash, amounts due from group undertakings and investments in subsidiary undertaking's with liabilities representing an amount due to a group undertaking. The directors seek to ensure that the company maintains sufficient resources to enable it to settle its obligations when required to do so. Credit risk, liquidity risk and cash flow risk are all related to other group undertakings being able to settle the intercompany receivable position when requested.

### Results and dividends

The company's profit for the financial year was £970,000, (2017 Profit: £558,000). The directors did not propose or paid any dividends. (2017: £12,000,000).

### Directors

The directors who held office throughout the year and to the date of signing this report were:

A Costa	(resigned 1 March 2018)
J Moehlenbrock	(resigned 1 March 2018)
M I Rogers	(appointed 13 February 2018)
E Can Temucin	(appointed 1 March 2018)

The directors, as at 1 January 2018 and 31 December 2018, do not have any interests in the share capital of any group company.

### Strategic report

The company is entitled to 'small companies' exemption under s414B of the Companies Act 2006 and has not included a strategic report for the financial year.

### Basis of Preparation

The directors plan to wind up the operations of the company during 2019 and plan to place the company into liquidation. Accordingly, the financial statements have been prepared on a basis other than going concern.

## **Directors' report** *(continued)*

### **Statement of directors' responsibilities in respect of the financial statements**

The directors are responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law 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 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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.

### **Disclosure of Information to the auditors**

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Independent auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General meeting.

On behalf of the Board

  
M I Rogers

Director

5 November 2019

## ***Independent auditors' report to the members of Schering-Plough Limited***

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

#### **Opinion**

In our opinion, Schering-Plough Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2018; 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.

#### **Emphasis of matter - financial statements prepared on a basis other than going concern**

In forming our opinion on the financial statements, which is not modified, we draw attention to note 3 to the financial statements which describes the directors' reasons why the financial statements have been prepared on a basis other than 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 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.

### ***Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 December 2018 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 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 3, 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.

## 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.

### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Robert Girdlestone (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
6 November 2019

**Statement of comprehensive income**  
*for the year ended 2018*

	<i>Note</i>	<b>2018</b> <b>£'000</b>	<b>2017</b> <b>£'000</b>
Administrative expenses		(1,620)	-
<b>Operating loss</b>		<b>(1,620)</b>	<b>-</b>
Income from Shares in Group Undertakings		<b>2,504</b>	-
<b>Profit before Interest and Tax</b>		<b>884</b>	<b>-</b>
Interest receivable and similar income	7	91	14
<b>Profit before taxation</b>	4	<b>975</b>	<b>14</b>
Tax on profit	8	(5)	544
<b>Total comprehensive income for the financial year</b>		<b>970</b>	<b>558</b>

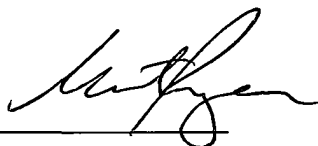


**Balance sheet**  
*As at 31 December 2018*

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Investments	10	-	730
		<hr/>	<hr/>
		-	730
<b>Current assets</b>			
Debtors	11	6,191	7,417
Cash at bank and in hand		7,570	6,098
		<hr/>	<hr/>
		13,761	13,515
<b>Creditors:</b> amounts falling due within one year	12	(2,233)	(3,687)
		<hr/>	<hr/>
<b>Net current assets</b>		11,528	9,828
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		11,528	10,558
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	13	9,766	9,766
Profit and loss account		1,762	792
		<hr/>	<hr/>
<b>Total shareholders' funds</b>	14	11,528	10,558
		<hr/>	<hr/>

The notes on pages 10 to 15 are an integral part of these financial statements.

The financial statements on pages 7 to 15 were approved by the board of directors on 5 November 2019, and were signed on its behalf by:



M I Rogers

Director

5 November 2019

Registered number 00020626

**Statement of changes in equity  
For the year ended 2018**

	Called up share capital £'000	Profit and loss account £'000	Total equity £'000
<b>Balance as at 1 January 2017</b>	<b>9,766</b>	<b>12,234</b>	<b>22,000</b>
Profit for the financial year	-	558	558
Dividends	-	(12,000)	(12,000)
<b>Balance as at 31 December 2017</b>	<b>9,766</b>	<b>792</b>	<b>10,558</b>
<b>Balance as at 1 January 2018</b>	<b>9,766</b>	<b>792</b>	<b>10,558</b>
Profit for the financial year	-	970	970
<b>Balance as at 31 December 2018</b>	<b>9,766</b>	<b>1,762</b>	<b>11,528</b>

## Notes to the financial statements

### 1. General information

The company is a private limited company by shares and is incorporated and domiciled in England. The address registered office is Walton Manor, Walton, Milton Keynes, Buckinghamshire, MK7 7AJ.

### 2. Statement of compliance

The individual financial statements of Schering-Plough Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

### 3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

#### *a) Basis of preparation*

These financial statements are prepared under the historical cost convention and in accordance with Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies are set out below and they have been applied consistently in both the current and prior year.

Management exercises its judgement in the process of applying the company's accounting policies. However, there are no critical accounting judgements.

The directors plan to wind up the operations of the company during 2019 and plan to place the company into liquidation. Accordingly, the financial statements have been prepared on a basis other than going concern. No adjustments were required in the current or prior years as a result of preparing the financial statements on a going concern.

#### *b) Reduced disclosures*

The company is a qualifying entity and has taken advantage of the exemptions permitted by FRS 102, paragraph 1.12. It is exempted from disclosing the following information.

- A reconciliation of the number of shares outstanding at the beginning and end of the period. [FRS 102 para 4.12 (a)(iv)].
- A statement of cash flows. [Section 7 of FRS 102 and para 3.17 (d)].
- Certain financial instrument disclosure providing equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. [FRS 102 paras 11.39 – 11.48A, 12.26 – 12.29].
- Certain disclosure requirements of Section 26 in respect of share-based payments provided that instruments of another group entity and its own equity instruments; and in both cases the equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated. [FRS 102 paras 12.18(b), 26.19 – 26.21, 26.23].
- Compensation in total for key management personnel. [FRS 102 para 33.7].

## Notes to the financial statements *(continued)*

The company's parent company has been notified in writing and does not object the use of the disclosure exemptions.

Information about the company's immediate and ultimate parent companies is detailed in note 15.

### **c) Fixed asset investments**

Investments held as fixed assets are stated at cost less provision for any impairment in value.

### **d) Taxation**

Taxation expense for the period comprises current tax recognised in the reporting period. Tax is recognised in the statement of income and retained earnings.

Current taxation assets liabilities are not discounted.

#### *Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end.

### **e) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

### **f) Financial instruments**

The company applies Section 11 FRS 102 in respect of basic financial instruments. It does not have complex financial instruments and is not required to apply Section 12 FRS 102.

#### *Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

#### *Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

## Notes to the financial statements *(continued)*

### *Offsetting*

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### 4. Profit before taxation

Audit fees of £4,556 (2017: £2,500) were met by another group company, Intervet UK Limited.

#### 5. Remuneration of directors

The directors were not remunerated in respect of their services as directors of the company during the current or the preceding year.

#### 6. Employees

The company had no employees during the current or preceding year.

#### 7. Interest receivable and similar income

	2018 £'000	2017 £'000
Bank interest	28	14
Receivable from third parties	63	-
	<u>91</u>	<u>14</u>

#### 8. Tax on profit

##### (a) Analysis of tax charge for the year

	2018 £'000	2017 £'000
<i>UK corporation tax</i>		
Current tax on income for the year	5	3
Adjustment in respect of prior years	-	(547)
	<u>5</u>	<u>(544)</u>
Total current tax charge/(credit)	5	(544)
	<u>5</u>	<u>(544)</u>
Tax charge/(credit)	5	(544)

## Notes to the financial statements (continued)

### (b) Factors affecting the tax charge for the year

The tax assessed for the year is £5,324 (2017: equal to £2,683) the standard rate of corporation tax rate for the year ended 31 December 2018 of 19.00% (2017: 19.25%). The differences are explained below:

	2018 £'000	2017 £'000
Profit on ordinary activities before taxation	975	14
Current tax at 19.00% (2017: 19.25%)	185	3
Expenses not deductible for tax purposes	370	(547)
Income not taxable	(550)	-
Total tax charge/(credit) for year	5	(544)

### (c) Factors that may affect future tax charges

The Finance (No 2) Act 2015 (the Act) was substantially enacted on 26 October 2015. The Act further reduced the main rate of corporation tax from 20% to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax rate to 17% by 1 April 2020, which has now been subsequently enacted.

## 9. Dividends

	2018 £'000	2017 £'000
Equity-Ordinary		
Interim paid: £nil (2017: £12,000,000)	-	12,000

## 10. Investments

### Shares in group companies

	2018 £'000	2017 £'000
Cost	40,986	40,986
Provisions for impairment		
At 1 January	(40,256)	(40,256)
Impairment	(730)	-
	(40,986)	(40,256)
At 31 December	-	730

## Notes to the financial statements *(continued)*

Dividends of £2,504,000 were received from S-P Veterinary Holdings Limited during the year (2017-£nil).

On 5 September 2018 S-P Veterinary Holdings Limited passed a Special Resolution to enter into voluntary liquidation. The company appointed a liquidator on 11 September 2018, as a result, the carrying value has been reduced to nil.

### 11. Debtors

	2018 £'000	2017 £'000
Amounts owed by group undertakings	5,864	6,025
Corporation tax recoverable	327	1,392
	<u>6,191</u>	<u>7,417</u>

Amounts owed by group undertakings are unsecured, interest-free and have no fixed date of repayment.

### 12. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Amounts owed to group undertakings	2,233	3,626
Accruals and deferred income	-	61
	<u>2,233</u>	<u>3,687</u>

All amounts owed to group undertakings are unsecured, interest-free and have no fixed date of repayment.

### 13. Called up share capital

	2018 £'000	2017 £'000
<b>Allotted and fully paid</b>		
9,766,000 ordinary shares of £1 each (2017: 9,766,000)	<u>9,766</u>	<u>9,766</u>

## Notes to the financial statements *(continued)*

### 14. Reconciliation of movements in shareholders' funds

	2018 £'000	2017 £'000
Profit for the financial year	970	558
Opening shareholders' funds	10,558	22,000
Dividends Paid in the Year	-	(12,000)
	<hr/>	<hr/>
Closing shareholders' funds	<u>11,528</u>	<u>10,558</u>

### 15. Ultimate parent company

The company's immediate parent company is Intervet Holding B.V., a company registered in The Netherlands.

The company's ultimate parent company and controlling party is Merck & Co. Inc., which is a public company incorporated in the USA. This is the parent company undertaking of the largest and smallest group for which group financial statements are prepared.

Copies of the group financial statements are available from the office address of Merck & Co. Inc., One Merck Drive, Whitehouse Station, New Jersey 08889-0100.