

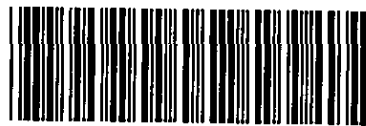
Actavis UK Limited

**Directors' report and financial
statements**

Registered number 79585

For the year ended 31 December 2012

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Contents

Page no.

Directors' report	1
Statement of directors' responsibilities in respect of the Directors' report and the financial statements	4
Independent auditor's report to the members of Actavis UK Limited	5
Profit and loss account	7
Statement of total recognised gains and losses	8
Balance sheet	9
Notes to the financial statements	10

Directors' report

The directors present their report together with the audited financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the company during the year continued to be the manufacture, marketing and sales of generic pharmaceutical products. The directors do not expect any change in the principal activity during the next financial year.

Business review

Actavis UK Limited consists of a Barnstaple manufacturing site and the UK sales organisation.

The UK sales organisation operates predominately in a highly competitive UK pharmaceutical market environment where new entrants are continually putting pressure on market prices and the UK Government seeks to control the costs of medicines to the National Health Service.

The company has continued to expand its strategic position as a major supplier to the UK generics market and despite competitive trading conditions, the directors are confident that the company will maintain its current strong position.

The company manages the risk of strong competition by

- Building on high quality manufacturing capabilities
- Ability to quickly respond to market requirements
- Differentiated customer service offerings
- Portfolio development including a focus on future patent expiry
- Good cost control and streamlining of business process to gain efficiency savings

The Barnstaple site is an EU/GMP approved large solid oral dosage facility that serves predominately the UK generic market. Other markets supplied are the Middle East, Africa and Asia. The site has successfully maintained a highly competitive low cost position and continues to focus on cost reduction initiatives whilst continuing to upgrade its facility.

Key Performance Indicators

The management of the business within Actavis UK Limited is based on the below KPI's

	2012	2011	Comments
Revenue growth	9.5%	12.4%	
Net profit % growth	9.1%	5.1%	Net profit increased due to ability to respond to market volatilities and efficiency improvements in the plant have driven revenue and margin growth.
Growth in market Share	11.5%	9.0%	Actavis is the second largest Generics Supplier in the UK and have consistently outgrown the market.

Directors' report *(continued)*

Key Performance indicators *(continued)*

The company's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The company does not use derivative financial instruments and tries to limit those risks through the support of its parent company.

Credit risk

The company is exposed to the risk of financial losses should a counter party fail to meet their obligation. Appropriate credit limits are regularly reviewed and approved by directors and trade finance instruments such as credit insurance and letters of credits are used to limit any exposure. Overdue balances are reviewed on a weekly basis by senior management and any issues identified are dealt with in a timely manner.

Liquidity risk

The company controls liquidity risk by monitoring and forecasting cash balances very closely and enjoying parent company support for any excess or shortfalls in cash balances.

Interest risk

The company is exposed to changes in interest rates arising from borrowings from the parent company.

Foreign currency risks

Foreign currency exchange risk arises from purchases and some sales in non local currency. The company does not hedge against foreign currency risk.

The profit for the year before taxation as shown in the profit and loss account on page 7 is £20.8m (2011 £11.0m).

Dividends paid during the year comprise interim dividends of £Nil (2011 £37.7m).

Directors

The Directors who served during the year ended 31 December 2012 were

Mrs S J Vincent
Ms N Jakes
Mr J Wilson
Mr G Stojilkovic (resigned 09 10 2012)
Mr M Cann
Mr R Hollies (resigned 10 6 2013)
Mr L Ramneborn

Directors' Report *(continued)*

Disabled persons

The company continues its policy of giving full and fair consideration to applications for employment from disabled persons and to the continuance of employment of existing employees who become disabled and for their subsequent training, promotion and career development related to their abilities and aptitudes

Employment involvement

The company recognises the value of informal consultation at work group level where its policy is to encourage an open management style with informal discussion about day-to-day operations and the technical and other factors affecting each work group

A variety of methods are used to inform and discuss progress and consult on matters of concern to employees

The company operates a bonus scheme as a means of encouraging the involvement of employees in the company's performance

Health and Safety

The company is committed to its adopted safety practices, which have enabled it to maintain high standards of health and safety for the benefit of employees, customers and the general public. The company is ISO 14001 certified

Charitable donations

During 2012 the company made charitable donations amounting to £ 4,862 (2011 12,426)

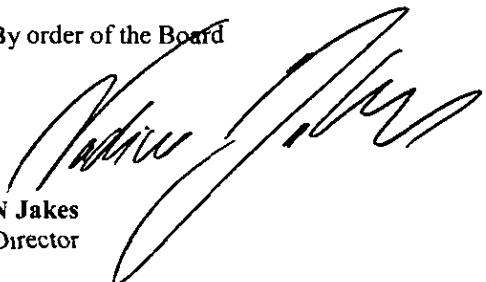
Disclosure of information to auditors

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 steps that he or she ought to have taken as a director to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Auditors

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

By order of the Board


N Jakes
Director

Whiddon Valley
Barnstaple
Devon
EX32 8NS

16th 09. 2013

Statement of directors' responsibilities in respect of the Directors' report and the financial statements

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 judgments and 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



KPMG LLP

Plym House
3 Longbridge Road
Plymouth
PL6 8LT
United Kingdom

Independent Auditor's report to the members of Actavis UK Limited

We have audited the financial statements of Actavis UK Limited for the year ended 31 December 2012 set out on pages 7 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Actavis UK Limited *(continued)*

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- 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 are not made, or
- we have not received all the information and explanations we require for our audit



Antonio Antonius (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

18 September 2013

Profit and loss account
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Turnover	2	180,324	164,723
Change in stocks of finished goods and work in progress		3,295	(6,745)
Other operating income		297	20
Raw materials and consumables		(130,933)	(114,790)
Staff costs	6	(25,861)	(25,572)
Depreciation and other amounts written off tangible and intangible fixed assets	9,10	(4,655)	(5,175)
Other operating charges		(916)	(910)
Operating profit	3	21,551	11,551
Interest receivable and similar income	4	9	7
Interest payable and similar charges	5	(744)	(596)
Profit on ordinary activities before taxation		20,816	10,962
Taxation on profit on ordinary activities	7	(4,489)	(2,564)
Profit for the financial year	14	16,327	8,398

There were no acquisitions or discontinued operations within the company in either the current or preceding year

There is no material difference between the result as disclosed in the profit and loss account and the result on an unmodified historical cost basis

A reconciliation of movements in shareholders' funds is given in note 15

Statement of total recognised gains and losses
for the year ended 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Profit for financial year	<i>14</i>	16,327	8,398
Actuarial (losses) in the pension scheme	<i>21</i>	(930)	(3,596)
Deferred tax gain arising on losses in the pension scheme		212	903
		<hr/>	<hr/>
Total recognised gains and losses for the financial year		15,609	5,705
		<hr/>	<hr/>

Balance sheet
as at 31 December 2012

	<i>Note</i>	2012 £000	2011 £000
Fixed assets			
Intangible assets	9	27	1,113
Tangible assets	10	26,554	27,906
		<hr/>	<hr/>
		26,581	29,019
		<hr/>	<hr/>
Current assets			
Stocks	11	41,295	38,719
Debtors	12	67,186	47,043
Cash at bank and in hand		2,758	2,683
		<hr/>	<hr/>
		111,239	88,445
		<hr/>	<hr/>
		137,820	117,464
		<hr/>	<hr/>
Capital and reserves			
Called up ordinary share capital	13	1,527	1,527
Share premium account	14	8,294	8,294
Profit and loss account	14	27,927	12,318
		<hr/>	<hr/>
Shareholders' funds	15	37,748	22,139
		<hr/>	<hr/>
Provisions for liabilities – deferred tax	16	943	991
Creditors falling due within one year	17	88,212	83,173
		<hr/>	<hr/>
Pension scheme liability (net of deferred tax)	21	10,917	11,161
		<hr/>	<hr/>
		100,072	95,325
		<hr/>	<hr/>
		137,820	117,464
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 16. 9. 2013 and were signed on its behalf by


N Jakes
Director

Company Registration number 79585

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements, except as noted below

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements

As the company is a wholly owned subsidiary of Actavis Inc, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances which form part of the group. The consolidated financial statements of Actavis Inc, within which the company is included, can be obtained from the address in note 20

Going concern

The company has considerable financial resources together with long term support from Group. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the company's business activities, together with the factors likely to affect its future development, performance and position is set out in the Directors Report on page 1.

Turnover

Turnover, which excludes value-added tax, represents the invoiced value of goods and services supplied. Turnover is recognised when goods are despatched.

Deferred income

When cash has been received by the company but the risks and rewards of ownership of the related goods have not been transferred, the cash received is credited to deferred income and will only be released to turnover when the risks and rewards of the related goods are no longer with the company.

Intangible fixed assets and amortisation

Intangible fixed assets represented by brands are capitalised at their cost.

Brands purchased by the Company are amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired periods, of five years.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except land, evenly over their expected useful lives. It is calculated at the following rates:

Freehold buildings	40 years
Plant and machinery	3 – 10 years
Fixtures and fittings	3 – 7 years

Government grants

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related assets' useful economic life.

Notes (continued)

1 Accounting policies (continued)

Stocks

Stock and work in progress are stated at the lower of cost and net realisable value

In the case of raw materials cost comprises purchase price, calculated on a first in, first out basis. In the case of work in progress and finished goods, cost consists of direct materials, direct labour and attributable production overheads. Attributable overheads have been allocated to production on the basis of normal activity.

Net realisable value is the estimated selling price less all further costs to completion.

Research and development expenditure

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences which have arisen but not reversed at the balance sheet date, with the following exceptions:

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted at the balance sheet date.

Contribution to pension funds

The Company operates both a defined contribution pension scheme and a pension scheme providing benefits based on final pensionable pay. The assets of these schemes are held separately from those of the Company in independently administered funds.

Contributions to the group's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

In the group's defined benefit pension scheme, pension scheme assets are measured using market values. For quoted securities the current bid price is taken as market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses. The pension scheme balance is recognised net of any related deferred tax balance with the recognition of any deferred tax asset following the principles described in the deferred tax accounting policy above.

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. 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.

2 Turnover and profit on ordinary activities before taxation

The turnover and profit before taxation is attributable to one activity in the UK, the manufacture and marketing of pharmaceutical products.

An analysis of turnover by geographical market based on the location of the customer is given below:

	2012 £000	2011 £000
United Kingdom	161,301	145,483
Overseas	19,023	19,240
	<u>180,324</u>	<u>164,723</u>

3 Operating profit

	2012 £000	2011 £000
<i>Operating profit is stated after charging:</i>		
Depreciation of owned assets	3,570	2,987
Amortisation of owned assets	1,086	1,711
Impairment of owned assets	-	477
Profit on disposal of fixed assets	10	102
Auditors' remuneration – audit services	119	95
Auditors' remuneration – valuation and actuarial services	121	82
Auditors' remuneration – taxation services	24	13
Auditors' remuneration – other taxation services	34	20
Operating leases – plant & machinery	552	566
Operating leases – property rental	13	120
Amortisation of government grant	7	7
	<u></u>	<u></u>

4 Interest receivable and similar income

	2012 £000	2011 £000
Bank interest	9	7
	<u>9</u>	<u>7</u>

5 Interest payable and similar charges

	2012 £000	2011 £000
Other interest	177	9
Net pension finance cost	567	587
	<u>744</u>	<u>596</u>

Of the above amount £ 176,541 was payable to group undertakings (2011 £ 9,000)

Notes (continued)

6 Staff numbers and costs

The average number of employees, excluding temporary employees, of the company during the year, analysed by activity, was

	2012	2011
Production	448	461
Selling & distribution	113	113
Administration	47	46
	<u>608</u>	<u>620</u>

The aggregate payroll costs of these persons were as follows

	2012 £000	2011 £000
Wages and salaries	21,902	21,498
Social security	2,455	2,246
Pension costs	1,504	1,828
	<u>25,861</u>	<u>25,572</u>

Staff costs include the following remuneration in respect of directors

	2012 £000	2011 £000
Remuneration	1,033	945
Benefits	61	71
Company contributions to money purchase pension schemes	112	110
	<u>1,206</u>	<u>1,126</u>

Number of directors (who served during the year) accruing benefits under the company

money purchase pension scheme	6	6
defined benefit pension scheme	-	-
	<u>-</u>	<u>-</u>

Highest paid director

	2012 £000	2011 £000
Aggregate emoluments	288	259
Defined contribution pension scheme accrued pension at end of year	29	28
	<u>317</u>	<u>287</u>

Notes (continued)

7 Taxation

	2012 £000	2011 £000
<i>Current tax</i>		
Current tax on income for the period	3,046	1,819
Group relief	729	-
Adjustments in respect of prior periods	89	(186)
	<u>3,864</u>	<u>1,633</u>
<i>Deferred tax</i>		
Origination/reversal of timing differences (see note 16)	(149)	184
Adjustments in respect of prior periods (see note 16)	101	74
FRS 17 adjustment recognised through the profit and loss account	673	673
	<u>4,489</u>	<u>2,564</u>
Tax on profit on ordinary activities		

Factors affecting the tax charge for the current period

The current tax charge for the period is lower than the standard rate of corporation tax in the UK of 24.5% (2011 26.5%) The differences are explained below

	2012 £000	2011 £000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before taxation	20,816	10,962
	<u>5,100</u>	<u>2,904</u>
Current tax at 24.5 % (2012 26.5 %)		
<i>Effects of</i>		
Expenses not deductible for tax purposes	141	77
Differences between depreciation and capital allowances	152	(186)
Origination/reversal of timing differences	(676)	(675)
Adjustment to tax charge in respect of prior periods	89	(186)
Group relief received at nil cost	(1,132)	(461)
Impact of differing tax rates	190	160
	<u>3,864</u>	<u>1,633</u>
Total current tax charge (see above)		

8 Dividends

The aggregate amount of dividends comprises

	2012 £000	2011 £000
Interim dividends paid in respect of the current year	-	37,703

Notes (continued)

9 Intangible fixed assets - Brands

	£000
Cost	
At beginning of year	8,575
Additions in year	-
	<hr/>
At end of year	8,574
	<hr/>
Amortisation	
At beginning of year	7,462
Charged in year	1,086
	<hr/>
At end of year	8,548
	<hr/>
Net book value	
At 31 December 2012	27
	<hr/>
At 31 December 2011	1,113
	<hr/>

10 Tangible fixed assets

	Land & Freehold buildings £000	Plant and machinery £000	Fixtures & fittings £000	Total £000
Cost				
At 1 January 2012	11,552	58,076	1,680	71,308
Additions	1,090	661	469	2,220
Disposals	-	(1,763)	(197)	(1,960)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2012	12,642	56,974	1,952	71,568
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2012	4,336	38,353	713	43,402
Charge for the year	422	2,693	455	3,570
Disposals	-	(1,761)	(197)	(1,958)
	<hr/>	<hr/>	<hr/>	<hr/>
31 December 2012	4,758	39,285	971	45,014
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2012	7,884	17,689	981	26,554
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2011	7,216	19,723	967	27,906
	<hr/>	<hr/>	<hr/>	<hr/>

Included in land and freehold buildings is land with a cost of £672,000 (2011 £678,000) that has not been depreciated during the year

Notes (continued)

11 Stocks

	2012 £000	2011 £000
Raw materials	4,207	4,926
Work in progress	4,441	4,032
Finished goods	32,647	29,761
	<u>41,295</u>	<u>38,719</u>

12 Debtors

	2012 £000	2011 £000
Trade debtors	36,410	28,645
Amounts owed by group undertakings	29,595	16,307
Prepayments and accrued income	1,181	1,547
Corporation Tax	-	544
	<u>67,186</u>	<u>47,043</u>

13 Called up share capital

	2012 £000	2011 £000
<i>Allotted, called up and fully paid</i>		
1,527,081 (2011 1,527,081) ordinary shares of £1 each	<u>1,527</u>	<u>1,527</u>

Equity shares carry one vote per share and an equal right to net assets in the event of a winding up of the company

Notes (continued)

14 Reserves

	Share premium account £000	Profit & loss Account £000
At 1 January 2012	8,294	12,318
Profit for the year	-	16,327
Other net recognised gains and losses relating to the year	-	(718)
Dividends paid during the year (note 8)	-	-
	<hr/>	<hr/>
At 31 December 2012	8,294	27,927
	<hr/>	<hr/>

Other net recognised gains and losses relating to the year comprise the actuarial loss on the defined benefit pension scheme net of deferred tax

15 Reconciliation of movements in shareholders' funds

	2012 £000	2011 £000
Profit for the financial year	16,327	8,398
Dividends paid	-	(37,703)
	<hr/>	<hr/>
Retained profit/(loss)	16,327	(29,305)
Other net recognised gains and losses relating to the year	(718)	(2,693)
	<hr/>	<hr/>
Net increase/(decrease) in shareholders' funds	15,609	(31,998)
Opening shareholders' funds	22,139	54,137
	<hr/>	<hr/>
Closing shareholders' funds	37,748	22,139
	<hr/>	<hr/>

Notes (continued)

16 Provisions for liabilities - deferred taxation

	2012 £000	2011 £000
At beginning of year	991	733
Credit/debit to the profit and loss for the year	(48)	258
	<hr/>	<hr/>
At end of year	943	991
	<hr/>	<hr/>

The elements of deferred taxation are as follows

	2012 £000	2011 £000
Difference between accumulated depreciation and amortisation and capital allowances	954	1,004
Other timing differences	(11)	(13)
	<hr/>	<hr/>
Undiscounted provision for deferred tax	943	991
	<hr/>	<hr/>

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge accordingly. The deferred tax liability at the balance sheet date has been calculated based on the rate of 23% substantively enacted at the balance sheet date.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge and reduce the company's deferred tax liability accordingly.

17 Creditors: amounts falling due within one year

	2012 £000	2011 £000
Trade creditors	14,451	13,214
Amounts owed to group undertakings	26,904	16,664
Social security and other taxation	4,488	4,685
Corporation tax	1,285	-
Accruals and deferred income	41,084	48,610
	<hr/>	<hr/>
	88,212	83,173
	<hr/>	<hr/>

18 Capital commitments

	2012 £000	2011 £000
Contracted but not provided for in these financial statements	1,047	83
	<hr/>	<hr/>

Notes (continued)

19 Lease commitments

The company had annual commitments under non-cancellable leases as follows

	2012 £000	2011 £000
Land and buildings		
Expiring in 1 year	50	264
Expiring 2 to 5 years inclusive	144	25
	<hr/>	<hr/>
	194	289
	<hr/>	<hr/>
Other		
Expiring in 1 year	63	534
Expiring 2 to 5 years inclusive	332	455
	<hr/>	<hr/>
	395	989
	<hr/>	<hr/>

20 Ultimate and immediate parent company

Actavis Inc, a company incorporated in the USA, is the ultimate parent company and controlling party. Copies of the accounts of Actavis Inc can be obtained from www.actavis.com

No other group financial statements include the results of the company

The immediate parent company is Actavis Holdings UK II Limited which is incorporated in the UK

21 Pension scheme

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £ 1,503,871 (2011 £1,828,424)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

Defined benefit pension scheme

The company operates a defined benefit pension scheme, The Actavis Defined Benefit Pension Plan (formerly the Alpharma Limited Retirement Benefit Scheme), providing benefits based on final pensionable pay. This is an approved funded pension scheme. The assets of the Scheme are held separately from the assets of the Company in trustee administered funds. The latest full actuarial valuation was carried out at 1 October 2012 and was updated for FRS 17 purposes to 31 December 2012 by a qualified independent actuary.

Notes (continued)

21 Pension Scheme (continued)

The scheme was closed to new entrants on 30 August 2006 and was permanently closed on 31 December 2010 at which time existing members of the pension scheme transferred to the company's defined contribution scheme. The liabilities have been calculated under FRS 17 using the projected unit method.

The Scheme provides benefits on a defined benefit basis and the following disclosures relate to the defined benefit scheme alone. Contributions to the Scheme are assessed in accordance with the advice of a qualified actuary.

	2012 £000	2011 £000
Present value of funded defined benefit obligations	(56,558)	(51,431)
Fair value of plan assets	42,380	36,550
Deficit	(14,178)	(14,881)
Related deferred tax asset	3,261	3,720
Net liability	(10,917)	(11,161)

Movements in present value of defined benefit obligation

	2012 £000	2011 £000
At 1 January	(51,431)	(47,791)
Interest cost	(2,389)	(2,553)
Actuarial loss	(3,923)	(2,119)
Benefits paid	1,185	1,032
At 31 December	(56,558)	(51,431)

Movements in fair value of plan assets

	2012 £000	2011 £000
At 1 January	36,550	34,852
Expected return on plan assets	1,822	1,966
Actuarial gain/(loss)	2,993	(1,477)
Contributions by employer	2,200	2,241
Benefits paid	(1,185)	(1,032)
At 31 December	42,380	36,550

Notes (continued)

21 Pension Scheme (continued)

Expense recognised in the profit and loss account

	2012 £000	2011 £000
Interest on defined pension plan obligation	(2,389)	(2,553)
Expected return on defined benefit pension plan assets	1,822	1,966
	<hr/>	<hr/>
Total	(567)	(587)
	<hr/>	<hr/>

The expense is recognised in the following line items in the profit and loss account

	2012 £000	2011 £000
Staff costs	-	-
Interest payable and similar charges	(567)	(587)
	<hr/>	<hr/>
Total	(567)	(587)
	<hr/>	<hr/>

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £930,000 (2011 loss of £3,596,000)

Cumulative actuarial gains/losses reported in the statement of total recognised losses for accounting periods ending on or after 22 June 2002 and subsequently included by prior year adjustment under paragraph 96 of FRS 17, are losses of £12,126,000 (2011 loss of £11,196,000)

The fair value of the plan assets and the return on those assets were as follows

	2012 £000	2011 £000
Equities	20,840	23,309
Bonds	17,186	13,128
Cash and other investments	4,354	113
	<hr/>	<hr/>
	42,380	36,550
	<hr/>	<hr/>
Actual return on plan assets	4,815	489
	<hr/>	<hr/>

The expected return on assets for the accounting period starting immediately after the accounting date is the long term rate of return on the actual assets held by the plan. The company would expect returns on equities to be higher on average over the longer term than those available on bonds. The extent of the out performance will vary from time to time with market conditions.

Notes (continued)

21 Pension Scheme (continued)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows

	2012	2011
Discount rate	4.5% pa	4.7% pa
Inflation – RPI	3.1% pa	3.0% pa
Salary growth	4.6% pa	4.5% pa
Pension increases in deferment – Pre April 2009	3.1% pa	3.0% pa
Pension increases in deferment – Post April 2009	2.2% pa	2.5% pa
Pension increases in payment – Fix 3%	3.0% pa	3.0% pa
Pension increases in payment – RPI, max 5%	3.1% pa	3.0% pa
Pension increases in payment – RPI, max 2.5%	2.4% pa	2.3% pa
Expected return on assets	5.05% pa	4.99% pa
Base mortality table	SIPMA/SIPFA	SIPMA/SIPFA

History of plans

The history of plans for the current and prior periods is as follows. Under FRS 17/95C, the entity has chosen not to restate corresponding amounts for the first two of the previous four accounting periods for the effect of using the current bid-price rather than the mid-market price.

Balance sheet

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Present value of scheme liabilities	(56,558)	(51,431)	(47,791)	(42,828)	(34,377)
Fair value of scheme assets	42,380	36,550	34,852	27,545	22,187
Deficit	<u>(14,178)</u>	<u>(14,881)</u>	<u>(12,939)</u>	<u>(15,283)</u>	<u>(12,190)</u>

A history of experience gains and losses is as follows

	31 December 2012 £000	31 December 2011 £000	31 December 2010 £000	31 December 2009 £000	31 December 2008 £000
Difference between the expected and actual return on scheme assets	2,993	(1,477)	2,094	2,007	(6,250)
Percentage of scheme assets	7.06%	(4.04%)	6.01%	7.29%	(28.2%)
Experience gains/(losses) on scheme liabilities	-	-	400	3,555	-
Percentage of present value of scheme liabilities	-	-	0.84%	8.30%	0%
Total amount recognised in the STRGL	(930)	(3,596)	1,010	(3,423)	(2,775)
Percentage of present value of scheme liabilities	(1.6%)	(7.0%)	2.1%	(8.0%)	(8.1%)

The company expects to contribute approximately £2.2m to its defined benefit plan in the next financial year.

Notes *(continued)*

22 Contingent liabilities and guarantees

The company has given guarantees in favour of HMRC totalling £500

On 19 April 2013, the Office of Fair Trading ("OFT") issued a Statement of Objections ("SO") to certain pharmaceutical companies alleging they acted to delay effective competition in the UK supply of paroxetine. Among these addressees were Actavis UK Limited, and its former parent companies Xellia Pharmaceuticals ApS (formerly Alpharma ApS) and Alpharma LLC (formerly Alpharma Inc).

The SO alleges that a settlement agreement entered into between Alpharma Limited ("Alpharma UK") and GlaxoSmithKline ("GSK") in November 2002 ("Settlement Agreement") had as its object and/or effect the prevention, restriction or distortion of competition in the supply of paroxetine in the UK. The SO also makes similar allegations in respect of agreements entered into by GSK with other generics companies.

Alpharma UK was formerly part of the Alpharma group (parts of which were acquired by Actavis in 2005). Actavis' acquisition of parts of the Alpharma group included the legal entity Alpharma UK. Alpharma UK changed its name to Actavis UK Ltd in May 2006.

It was Alpharma UK which entered into a settlement agreement with GSK as well as an authorised generic arrangement through a distribution agreement with Norton who provided a generic paroxetine sourced from GSK. The authorised generic arrangement continued for just over 1 year following which Alpharma UK launched its own generic product.

No provision has been made in the Actavis UK Ltd accounts as it has not been practicable to assess the financial impact or timing of the contingent liability at the present time. Actavis UK Limited has submitted a written defence to the allegations in the SO and a hearing is due to take place in October 2013.