Actavis UK Limited

Annual report and financial statements
Registered number 00079585
For the year ended 31 December 2014

Contents

Strategic Report

The Directors present their Strategic Report on the company for the year ended 31 December 2014.

Review of the business

The activity of the company during the year continued to be the manufacture, marketing and sales of a broad range of pharmaceutical products.

Turnover for the year decreased to £218m (2013: £226m), but the profit for the year before taxation increased, as shown in the profit and loss account, to £44.1m (2013: £42.2 million) following the company's focus on profitable growth with an optimised product portfolio.

Other income includes the recognition of a net income from an essential medicines tender with the Department of Health. This income is recognised at the end of the contract when the stock is returned.

The UK company operates predominately in the highly competitive UK pharmaceutical market environment.

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 UK manufacturing capabilities;
- Rapidly respond to changing market requirements;
- Different customer service offerings;
- Portfolio development across brands, generics and OTC products; and
- Good cost control and streamlining of business process to gain efficiency savings.

	2014	**2013**	Comments
Net profit %	15.7%	14.1%	The company focused on profitable growth from brands, generics and OTC products by optimising product portfolio

The Barnstaple site is an EU/GMP approved large solid oral dosage facility that serves predominately the UK generic market. Other markets supplied include the Middle East, Africa and Asia. The site has successfully maintained a highly competitive low cost position through scale and breadth of portfolio and continues to focus on cost reduction initiatives whilst continuing to invest in the facility with improvements in technology and automation. Customer service remains a key success driver.

The financial statements were approved by the Board of Directors on 16 September 2015 and signed on its behalf by:

N Jakes
Executive Director Finance
16 September 2015

Directors' report

Directors' report for the year ended 31 December 2014

The directors present their report together with the audited financial statements for the year ended 31 December 2014.

Future Developments

The strategy of Actavis UK Limited is to deliver profitable growth by diversifying and optimising the company's product portfolio, responding flexibly to changing customer demands and continuing to enhance efficiencies in the plant. In May 2015 Actavis completed the acquisition of Auden McKenzie. Auden McKenzie's focus in the development and commercialization of high value, technically demanding formulations as well as specialized and niche opportunities is complementary and aligns with our profitable growth strategy.

On the 17th March 2015, the company's ultimate parent Actavis Plc, acquired Allergan Inc. Actavis Plc subsequently changed its name to Allergan Plc.

In July 2015 Teva Pharmaceuticals Industries Limited agreed to acquire the generic business of our ultimate parent Allergan PLC. The deal is expected to close in 2016 subject to regulatory approval

Dividends

The directors paid a dividend of £Nil (2013: £Nil) to its immediate parent company, Actavis Holdings UK II Limited.

Political and charitable contributions

During 2013 the company made no political contributions and charitable donations amounted to £13,291 (2013: £13,814).

Financial risk management

The company's activities expose it to a number of financial risks including credit risk, interest risk, foreign currency 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 has both interest-bearing assets and interest-bearing liabilities with intercompany counter parties which exposes the company to changes in interest rates.

Foreign currency risks

Foreign currency exchange risk arises from purchases and some sales in foreign currency. The company does not hedge against foreign currency risk and uses the group treasury function for support.

Directors' report *(continued)*

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Mrs S J Vincent
Mrs N Jakes
Mr J Wilson
Mrs S Lee
Mr M Cann (resigned 15 July 2014)
Mr L Ramneborn

Directors' indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Research and Development

The company benefits from access to the parent company's new product pipeline, which are developed in specialist R&D centres across the intercompany network.

Local R&D activities are focused on new technologies and methods to achieve efficiencies in manufacturing, packing and testing and to strengthen and extend formulations of older molecules.

Employees

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.

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.

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.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

Directors' report *(continued)*

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

Independent auditors:

The auditors, PricewaterhouseCoopers LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006. By order of the Board.

The financial statements were approved by the Board of Directors on 16 September 2015 and signed on its behalf by:

N Jakes
Executive Director Finance

Whiddon Valley
Barnstaple
Devon
EX32 8NS

Independent auditors' report to the members of Actavis UK Limited

Report on the financial statements

Our opinion

In our opinion, Actavis UK Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

- the Balance sheet as at 31 December 2014;
- the Profit and loss account for the year then ended;
- the Statement of total recognised gains and losses for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Heather Ancient

Heather Ancient (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Plymouth

18 September 2015

Profit and loss account
for the year ended 31 December 2014

	Note	2014 £000	2013 £000
Turnover	2	**218,414**	226,215
Change in stocks of finished goods and in work in progress	10	**7,751**	3,755
Other operating income		**13,778**	116
Raw materials and consumables		**(152,382)**	(148,478)
Other external charges		**(6,081)**	(5,185)
Staff costs	6	**(33,659)**	(29,299)
Depreciation and other amounts written off tangible and intangible fixed assets	8,9	**(3,326)**	(3,578)
Other operating charges		**(612)**	(910)
Operating profit	3	**43,883**	42,636
Interest receivable and similar income	4	**260**	4
Interest payable and similar charges	5	**(32)**	(449)
Profit on ordinary activities before taxation		**44,111**	42,191
Tax on profit on ordinary activities	7	**(9,924)**	(10,288)
Profit for the financial year	13	**34,187**	31,903

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 14.

Statement of total recognised gains and losses
for the year ended 31 December 2014

	Note	**2014**	2013
		£000	£000
Profit for financial year	*13*	**34,187**	31,903
Actuarial (loss)/gain in the pension scheme	*20*	**(11,237)**	1,938
Deferred tax gain/(loss) arising on (loss)/gain in the pension scheme		**2,247**	(365)
Total recognised gains and losses for the financial year		**25,197**	33,476

Balance sheet
as at 31 December 2014

	Note	2014 £000	2013 £000
Fixed assets			
Intangible assets	*8*	**10**	18
Tangible assets	*9*	**27,141**	26,388
		27,151	26,406
Current assets			
Stocks	*10*	**53,243**	44,741
Debtors	*11*	**141,901**	108,150
Cash at bank and in hand		**4,016**	2,815
		199,160	155,706
		226,311	182,112
Capital and reserves			
Called up share capital	*12*	**1,527**	1,527
Share premium account	*13*	**8,294**	8,294
Profit and loss account	*13*	**86,600**	61,403
Total Shareholders' funds	*14*	**96,421**	71,224
Other liabilities			
Provision for liabilities- deferred taxation	*15*	**1,099**	961
Creditors amounts falling due within one year	*16*	**113,554**	101,708
Pension and similar obligations	*20*	**15,237**	8,219
		129,890	110,888
		226,311	182,112

The financial statements on pages 7 to 25 were approved and authorised for issue by the board of directors on 16 September 2015 and were signed on its behalf by:

N Jakes
Director

The notes on pages 10 to 25 form part of these financial statements.

Company Registration number: 00079585

Notes to 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 Companies Act 2006, applicable accounting standards in the United Kingdom 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 Allergan Plc, 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 Allergan Plc, within which the company is included, can be obtained from the address in note 19.

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 Strategic Report and Directors Report.

Turnover

Turnover, which excludes value-added tax, represents the invoiced value of goods and services supplied. Turnover is recognised when goods are despatched. Other income includes the recognition of a net income from an essential medicines tender with the Department of Health. This income is recognised at the end of the contract when the stock is returned.

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:

Land and 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 to the financial statements *(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, costs are based on actual cost with variances capitalised 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 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.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

The group leases certain property, plant and equipment. Leases of property, plant and equipment where the group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

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.

Share Based Payments

The group operates a number of equity-settled, share based compensation plans, under which the entity receives services from employees as consideration for share options. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expenses is determined by reference to the fair value of the options granted.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the group revisits its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

Notes to the financial statements *(continued)*

1 Accounting policies *(continued)*

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

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.

Notes to the financial statements *(continued)*

2 Turnover

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:

	2014	2013
	£000	£000
United Kingdom	**196,194**	204,987
Overseas	**22,220**	21,228
	218,414	226,215

3 Operating profit

	2014	2013
	£000	£000
Operating profit is stated after charging:		
Depreciation of owned assets	**3,318**	3,570
Amortisation of owned assets	**8**	8
Profit on disposal of fixed assets	**5**	-
Auditors' remuneration – audit services	**87**	85
Operating leases – plant & machinery	**503**	576
Operating leases – property rental	**22**	22
Amortisation of government grant	**7**	7

4 Interest receivable and similar income

	2014	2013
	£000	£000
Bank interest	**7**	4
Other Interest	**131**	-
Net pension finance cost	**122**	-
	260	4

5 Interest payable and similar charges

	2014	2013
	£000	£000
Other interest	**32**	72
Net pension finance cost	**-**	377
	32	449

Of the above amounts £130,839 was receivable from group undertakings (2013: £69,804 payable).

Notes to the financial statements *(continued)*

6 Staff costs

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

	2014	2013
Production	**478**	455
Selling & distribution	**120**	112
Administration	**64**	53
	662	620

The aggregate payroll costs of these persons were as follows:

	2014 **£000**	2013 £000
Wages and salaries	**28,339**	24,425
Social security costs	**3,029**	3,110
Other pension costs	**2,291**	1,764
	33,659	29,299

Staff costs include the following remuneration in respect of directors:

	2014 **£000**	2013 £000
Remuneration	**1,329**	1,323
Benefits	**13**	110
Company contributions to money purchase pension schemes	**106**	115
Compensation for loss of office	**-**	92
	1,448	1,640

Number of directors (who served during the year) accruing benefits under the company		
money purchase pension scheme	**5**	6
defined benefit pension scheme	**-**	-

Highest paid director:

The highest paid director did not exercise any share options.

	2014 **£000**	2013 £000
Aggregate emoluments	469	466
Defined contribution pension scheme accrued pension at end of year	34	32

Notes to the financial statements *(continued)*

7 Taxation on profit on ordinary activities

	2014 **£000**	2013 £000
Current tax		
Current tax on income for the year	**3,509**	4,807
Group relief	**5,778**	4,766
Adjustments in respect of prior years	**6**	(33)
	9,293	9,540
Deferred tax		
Origination/reversal of timing differences (see note 15)	**146**	(180)
Adjustments in respect of prior years (see note 15)	**(8)**	197
FRS 17 adjustment recognised through the profit and loss account	**493**	731
Tax on profit on ordinary activities	**9,924**	10,288

Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2013: lower) than the standard rate of corporation tax in the UK of 21.5% (*2013:* 23.25%). The differences are explained below.

A number of changes to the UK corporation tax system were announced in the March 2013 UK Budget Statement. These were substantively enacted as part of the Finance Bill 2013 on 2 July 2013. These reduced the main rate of corporation tax to 21% from 1 April 2014 and to 20% from 1 April 2015.

These changes had been substantively enacted at the balance sheet date and, therefore, are included in these financial statements. Accordingly, the closing deferred tax liability in these financial statements has been recognised at 20%.

	2014 **£000**	2013 £000
Current tax reconciliation		
Profit on ordinary activities before taxation	**44,111**	42,191
Current tax at 21.5% *(2013:* 23.25 %*)*	**9,484**	9,809
Effects of:		
Expenses not deductible for tax purposes	**490**	185
Depreciation in excess of capital allowances	**(158)**	182
Origination/reversal of timing differences	**(481)**	(457)
Adjustments to tax charge in respect of prior years	**7**	(33)
Impact of differing tax rates	**(48)**	(146)
Total current tax charge (see above)	**9,294**	9,540

Notes to the financial statements *(continued)*

8 Intangible assets

	£000
Cost	
At beginning and end of year	8,574
Accumulated amortisation	
At beginning of year	8,556
Charged in year	8
At end of year	8,564
Net book value	
At 31 December 2014	**10**
At 31 December 2013	18

9 Tangible assets

	Land & Freehold buildings £000	Plant and machinery £000	Fixtures & fittings £000	Total £000
Cost				
At 1 January 2014	13,066	59,732	1,895	74,693
Additions	773	2,901	535	4,209
Disposals	(137)	(1,141)	(766)	(2,044)
At 31 December 2014	13,702	61,492	1,664	76,858
Depreciation				
At 1 January 2014	5,056	42,052	1,197	48,305
Charge for the year	183	2,711	424	3,318
Disposals	(17)	(1,123)	(766)	(1,906)
31 December 2014	5,222	43,640	855	49,717
Net book value				
At 31 December 2014	**8,480**	**17,852**	**809**	**27,141**
At 31 December 2013	8,010	17,680	698	26,388

Included in land and freehold buildings is land with a cost of £672,000 *(2013: £672,000)* that has not been depreciated during the year.

Notes to the financial statements *(continued)*

10 Stocks

	2014 £000	2013 £000
Raw materials	**4,649**	3,898
Work in progress	**5,672**	4,825
Finished goods	**42,922**	36,018
	53,243	44,741

11 Debtors

	2014 £000	2013 £000
Trade debtors	**45,604**	48,060
Amounts owed by group undertakings	**94,781**	59,124
Prepayments and accrued income	**902**	966
Other corporation tax	**614**	-
	141,901	108,150

12 Called up share capital

	2014 £000	2013 £000
Allotted, called up and fully paid		
1,527,081 *(2013: 1,527,081)* ordinary shares of £1 each	**1,527**	1,527

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 to the financial statements *(continued)*

13 Reserves

	Share premium account £000	Profit and loss Account £000
At 1 January 2014	8,294	61,403
Profit for the financial year	-	34,187
Other net recognised gains and losses relating to the year	-	(8,990)
At 31 December 2014	**8,294**	**86,600**

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

14 Reconciliation of movements in shareholders' funds

	2014 £000	2013 £000
Profit for the financial year	**34,187**	31,903
Other net recognised gains and losses relating to the year	**(8,990)**	1,573
Net increase in shareholders' funds	**25,197**	33,476
Opening shareholders' funds	**71,224**	37,748
Closing shareholders' funds	**96,421**	71,224

Notes to the financial statements *(continued)*

15 Provisions for liabilities - deferred taxation

	2014	2013
	£000	£000
At beginning of year	**961**	943
Debit to the profit and loss for the year	**138**	18
At end of year	**1,099**	961

The elements of deferred taxation are as follows:

	2014	2013
	£000	£000
Difference between accumulated depreciation and amortisation and capital allowances	**1,141**	969
Other timing differences	**(42)**	(8)
Undiscounted provision for deferred tax	**1,099**	961

16 Creditors: amounts falling due within one year

	2014	2013
	£000	£000
Trade creditors	**23,951**	13,798
Amounts owed to group undertakings	**47,959**	33,343
Taxation and social security	**4,091**	8,551
Other corporation tax	**-**	1,827
Accruals and deferred income	**37,553**	44,189
	113,554	101,708

The above amount represents an unsecured group loan.

17 Capital commitments

	2014	2013
	£000	£000
Contracted but not provided for in these financial statements	**353**	955

Notes to the financial statements *(continued)*

18 Lease commitments

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

	2014	2013
	£000	£000
Land and buildings		
Expiring in 1 year	**36**	-
Expiring 2 to 5 years inclusive	**25**	110
	61	110
Other		
Expiring in 1 year	**89**	63
Expiring 2 to 5 years inclusive	**170**	238
	259	301

Future minimum payments under finance leases are as follows:

	2014	2013
	£000	£000
Other		
Expiring 2 to 5 years inclusive	**206**	119
Total gross payments	**206**	119
Less finance charges included above	**(79)**	(33)
	127	86

19 Ultimate and immediate parent company

On the 17th March 2015, the company's ultimate parent Actavis Plc, acquired Allergan Inc. Actavis Plc subsequently changed its name to Allergan Plc.

The company's ultimate parent undertaking is Allergan Plc, a company incorporated in the Republic of Ireland.

The company's immediate parent undertaking is Actavis Holdings II Limited, a company registered and operating in the UK. The largest and smallest group into which the results of the company is consolidated is that headed by Allergan Plc. The consolidated financial statements of Allergan Plc can be obtained from www.allergan.com.

Notes to the financial statements *(continued)*

20 Pension scheme

Defined contribution pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable to the Company to the scheme and amounts to £2,291,029 (*2013:* £1,764,416).

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 2010 and was updated for FRS 17 purposes to 31 December 2014 by a qualified independent actuary.

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.

	2014	2013
	£000	£000
Present value of funded defined benefit obligations	**(73,606)**	(59,655)
Fair value of plan assets	**54,560**	49,381
Deficit	**(19,046)**	(10,274)
Related deferred tax asset	**3,809**	2,055
Net liability	**(15,237)**	(8,219)

Movements in present value of defined benefit obligation

	2014	2013
	£000	£000
At 1 January	**(59,655)**	(56,558)
Interest cost	**(2,719)**	(2,520)
Actuarial loss	**(12,344)**	(1,693)
Benefits paid	**1,112**	1,116
At 31 December	**(73,606)**	(59,655)

Movements in fair value of plan assets

	2014	2013
	£000	£000
At 1 January	**49,381**	42,380
Expected return on plan assets	**2,841**	2,143
Actuarial gain	**1,107**	3,631
Contributions by employer	**2,343**	2,343
Benefits paid	**(1,112)**	(1,116)
At 31 December	**54,560**	49,381

Notes to the financial statements *(continued)*

20 Pension Scheme *(continued)*

Expense recognised in the profit and loss account

	2014	2013
	£000	£000
Interest on defined pension plan obligation	**(2,719)**	(2,520)
Expected return on defined benefit pension plan assets	**2,841**	2,143
Total	**122**	(377)

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

	2014	2013
	£000	£000
Interest receivable/(payable) and similar charges	**122**	(377)
Total	**122**	(377)

The total amount recognised in the statement of total recognised gains and losses in respect of actuarial gains and losses is a loss of £11,237,000 *(2013: gain of* £1,938,000*)*.

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 £21,425,000 *(2013 loss of* £10,188,000*)*.

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

	2014	2013
	£000	£000
Equities	**26,724**	25,579
Bonds	**22,179**	18,845
Cash and other investments	**5,657**	4,957
	54,560	49,381
Actual return on plan assets	**3,948**	5,774

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 to the financial statements *(continued)*

20 Pension Scheme *(continued)*

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

	2014	2013
Discount rate	3.7% pa	4.6% pa
Inflation – RPI	3.3% pa	3.5% pa
Salary growth	4.8% pa	5.0% pa
Pension increases in deferment – Pre April 2009	3.3% pa	3.5% pa
Pension increased in deferment – Post April 2009	2.4% pa	2.5% pa
Pension increases in payment – Fix 3%	3.0% pa	3.0% pa
Pension increases in payment – RPI, max 5%	3.2% pa	3.4% pa
Pension increases in payment – RPI, max 2.5%	2.4% pa	2.4% pa
Expected return on assets	5.18% pa	5.75% pa
Base mortality table	S1PMA/S1PFA	S1PMA/S1PFA

History of plans

The history of plans for the current and prior years 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

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Present value of scheme liabilities	(73,606)	(59,655)	(56,558)	(51,431)	(47,791)
Fair value of scheme assets	54,560	49,381	42,380	36,550	34,852
Deficit	(19,046)	(10,274)	(14,178)	(14,881)	(12,939)

A history of experience gains and losses is as follows:

	31 December 2014 £000	31 December 2013 £000	31 December 2012 £000	31 December 2011 £000	31 December 2010 £000
Difference between the expected and actual return on scheme assets	1,107	3,631	2,993	(1,477)	2,094
Percentage of scheme assets	2.03%	7.35%	7.06%	(4.04%)	6.01%
Experience gains on scheme liabilities	-	-	-	-	400
Percentage of present value of scheme liabilities	-	-	-	-	0.84%
Total amount recognised in the STRGL	(11,237)	1,938	(930)	(3,596)	1,010
Percentage of present value of scheme liabilities	15.27%	(3.25%)	1.64%	(6.99%)	(2.11%)

The company expects to contribute approximately £2.343m to its defined benefit plan in the next financial year.

Notes to the financial statements *(continued)*

21 Share Based Compensation Schemes

Actavis Plc (the ultimate parent company) operates a number of share based compensation schemes for employees of the group, including the 'Restricted Stock Plan' in which selected employees of Actavis UK Limited participate. This programme offers participants the opportunity to earn shares of the common stock of the parent if certain vesting and/or performance criteria are satisfied. The award will vest over a 4 year period with even instalments starting 1 year after the grant date. The fair value of the awards granted is based on the share price on the grant date. The total share based compensation cost is recognised over the vesting period of the awards in accordance with FRS 20.

Details of grants during the year:

Grant date	5 March 2014	1 October 2014
Share Price at grant date	\$224.55	\$238.48
Exercise price	NIL	NIL
Number of employees	50	1
Shares granted	5,680	168
Vesting period	4 years	4 years
Fair value per RSU	\$224.55	\$238.48

Details of outstanding awards at 31 December 2014:

	Number of shares	Weighted average share price
Outstanding 1 January 2014	7,394	\$90.61
Granted 5 March 2014	5,680	\$224.55
Granted 1 October 2014	168	\$238.48
Employee transfers	11,361	\$49.57
Vested	(5,305)	\$64.87
Forfeit	(2,250)	\$83.63
Outstanding 31 December 2014	**17,048**	\$118.27

During the year the share based compensation cost recognised in the profit and loss account in respect of these awards was £589,543 (2013: £110,949).

Notes to the financial statements *(continued)*

22 Information on related undertakings

During the year the Company made contributions of £2,494,919 to the Actavis Defined Benefit Pension Scheme to fund the administration of the scheme and to reduce the deficit.

The company enters into trading transactions with fellow group companies, details of which have not been disclosed in the financial statements as the company has availed of the exemption in FRS 8, Related Party Transactions, available to those companies whose financial statements are included in those of its parent and which are available to the public.