

Registered number 0302461

Teva UK Limited

Annual report and financial statements

For the year ended 31 December 2012

WEDNESDAY



\*A2KKO31T\*

A14

06/11/2013

#199

COMPANIES HOUSE

---

# **Teva UK Limited**

## **Annual report and financial statements For the year ended 31 December 2012**

### **Contents**

Directors and advisers	1
Directors' report for the year ended 31 December 2012	2
Independent auditors' report to the members of Teva UK Limited	6
Profit and loss account for the year ended 31 December 2012	8
Statement of total recognised gains and losses for the year ended 31 December 2012	8
Balance sheet as at 31 December 2012	9
Notes to the financial statements for the year ended 31 December 2012	10

---

# Teva UK Limited

## Directors and advisers

### **Directors**

M Schrewe  
R Daniell  
R Koremans

### **Independent auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

### **Bankers**

Barclays Bank Plc  
Churchill Place  
Canary Wharf  
London  
E14 5HP

### **Registered office**

Ridings Point  
Whistler Drive  
Castleford  
West Yorkshire  
WF10 5HX

### **Registered number**

0302461

# Teva UK Limited

## Directors' report for the year ended 31 December 2012

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

### Results and dividends

The loss for the year after taxation was £5,709,000 (2011 profit of £10,470,000)

The directors do not recommend the payment of a dividend (2011 £nil)

### Principal activities

The principal activity of the company is the packaging and distribution of pharmaceutical products

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the immediate parent company Teva UK Holdings Limited. The directors have received confirmation that the parent company intends to support the company for at least one year after these financial statements are signed.

### Business review

The UK market environment in which the company trades continues to be fiercely competitive as competition from new entrants puts pressure on market prices. In addition, the selling prices and profitability of medicines is subject to control by regulatory measures which the UK Government uses to control the costs of the National Health Service. The company's strategy is to provide the widest range of products to its customers and to encourage loyalty from its customers through excellent customer service and supply.

On 31 December 2012, the company acquired the beneficial interest in the assets and liabilities of Pliva Pharma Limited and ratiopharm (UK) Limited for a consideration of £4,905,000 and £4,750,000 respectively.

### Exceptional item

The company's defined benefit pension scheme was closed to future accrual with effect from 31 March 2012 which resulted in an exceptional curtailment gain of £4,351,000.

### Key performance indicators ("KPI's")

The management of the businesses within the Teva group of companies is undertaken on a business unit rather than legal entity basis. In the United Kingdom, the business of the distribution of pharmaceutical products includes activity which is included within the statutory financial statements of Pliva Pharma Limited, ratiopharm (UK) Limited and Cephalon UK Limited, fellow UK group companies. Consequently, KPI's specifically related to Teva UK Limited are not used for the ongoing management of the sales and distribution businesses of the Teva group within the UK. However, the Board consider the following KPI's pertinent to Teva UK Limited.

	2012	2011	Comments
(Decrease)/increase in turnover (%)	(7.0)	33.8	High turnover in 2011 resulted from an exclusive new product launch, excluding the impact of this revenue increased compared to 2011.
Gross margin (%)	17.0	18.5	Gross margin is the ratio of gross profit to sales as expressed as a percentage.

The company continued with its successful new product launch strategy backed by its expertise and knowledge in gaining market authorisation for new products. Work continued during the year to bring to market products for future years as soon as patents expire on those products.

Although it is expected that trading conditions will remain very competitive, the directors believe the company is in a good position to benefit from further timely introductions of significant new products and so consolidate its position as a major supplier in the UK generics and branded pharmaceuticals market.

# Teva UK Limited

## Directors' report for the year ended 31 December 2012 (continued)

### Financial risk management

The company's operations expose it to a variety of financial risks that include the effects of changes in interest rates, liquidity risk, credit risk and foreign exchange risk. The company seeks to limit the effects of such risks through the continuing support of its ultimate parent company.

The company is exposed to commodity price risk as a result of its operations. The company manages the risk through supply agreements which provide some protection against such commodity price risk.

Interest rate risk arises as a consequence of borrowings from group undertakings, the borrowings from which are at variable rates of interest. The company does not use derivative financial instruments to manage interest rate costs and as such no hedge accounting is applied.

The company manages liquidity risk by ensuring sufficient facilities are available for at least the next 12 months and enjoys the support of shareholders and group banking arrangements.

The company has implemented policies that require appropriate credit checks on customers before sales are made and the amount of exposure to any individual counterparty is subject to a limit, which is assessed regularly by management.

The company is exposed to movements in foreign currency exchange rates as a result of transactions in foreign currencies. The company does not hedge against currency risks associated with such transactions.

### Principal risks and uncertainties

The management of the business and the execution of the company strategy are subject to a number of risks.

The directors consider that the key business risks and uncertainties affecting the company relate to competition from other manufacturers and distributors of pharmaceutical products. The company seeks to mitigate this by continual improvement in the product range and supply chain management.

### Directors

The directors who served during the year and up to the date of signing the financial statements were as follows:

T Andriessen	(resigned 26 October 2012)
R Williams	(resigned 22 March 2012)
M Schrewe	(appointed 22 March 2013)
D Bhattacharjee	(resigned 17 January 2013)
R Daniell	
R Koremans	(appointed 19 October 2012)

### 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 its directors.

---

# **Teva UK Limited**

## **Directors' report for the year ended 31 December 2012 (continued)**

### **Employees**

The company has continued to retain and recruit the highest quality employees in its market. Ongoing training is given to all employees relevant to their roles. Training programmes focus on key issues such as health & safety, competition law, anti-corruption, and customer service and stock handling.

During the year, employees were regularly provided with information regarding the financial and economic factors affecting the performance of the company and on other matters of concern to them as employees, through the medium of regular employee reports. Additionally, regular consultations took place with employee representatives so that the views of employees could be taken into account when making decisions which are likely to affect their interests.

Applications for employment from disabled persons are given full and fair consideration and, where practicable, employees who are disabled are given appropriate training whilst employed by the company. Every effort is made to continue the employment of people who become temporarily or permanently disabled.

The company encourages employees' participation in the group performance by the use of employee stock option schemes.

### **Creditor payment policy**

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At 31 December 2012, the company had an average of 45 days purchases outstanding in trade creditors (2011 44 days).

### **Research and development**

The company does not undertake any research and development activity.

### **Political and charitable donations**

During the year the company made no political donations (2011 £nil).

During the year the company made charitable donations totalling £35,645 (2011 £ 9,901). These included seven donations (2011 three) which exceeded £200, totalling £35,295 to national charities (2011 £9,863) and none to local charities (2011 none, totalling £nil).

The charitable donations are made on behalf of the company to assist charities with their funding raising efforts.

# Teva UK Limited

## Directors' report for the year ended 31 December 2012 (continued)

### Statement of directors' responsibilities

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

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

In preparing these financial statements, the directors are required to

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

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

### Audit information

The directors confirm that, so far as they are aware, there is no relevant audit information (that is information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware and that each director has taken all reasonable 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.

On behalf of the Board



M Schrewe  
Director

5 November 2013

---

# **Teva UK Limited**

## **Independent auditors' report to the members of Teva UK Limited**

We have audited the financial statements of Teva UK Limited for the year ended 31 December 2012 which comprise the profit and loss account, statement of total recognised gains and losses, the balance sheet, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### **Respective responsibilities of directors and auditors**

As explained more fully in the statement of directors' responsibilities set out on page 5, 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.

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.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **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.



# **Teva UK Limited**

## **Independent auditors' report to the members of Teva 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



**Randal Casson (Senior Statutory Auditor)**

For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds

5 November 2013

# Teva UK Limited

## Profit and loss account for the year ended 31 December 2012

	Note	2012 £'000	2011 £'000
<b>Turnover</b>	2	<b>354,880</b>	381,405
Cost of sales (including exceptional item)	8	(294,480)	(310,682)
<b>Gross profit</b>		<b>60,400</b>	70,723
Distribution costs (including exceptional item)	8	(57,844)	(57,400)
Administrative expenses (including exceptional item)	8	(15,831)	(18,693)
Other operating income	3	12,227	7,565
<b>Operating (loss)/profit</b>	4	<b>(1,048)</b>	2,195
Profit on sale of fixed asset investment		-	209
Interest receivable and similar income	5	869	2,107
Interest payable and similar charges	5	(2,839)	(2,830)
Other finance costs	19	(319)	(125)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(3,337)</b>	1,556
Tax on (loss)/profit on ordinary activities	9	(2,372)	8,914
<b>(Loss)/profit for the financial year</b>	23	<b>(5,709)</b>	10,470

All activities in the current and prior year relate to continuing operations

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

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

	Note	2012 £'000	2011 £'000
(Loss)/profit for the financial year		(5,709)	10,470
Actuarial loss on pension scheme	19	(2,016)	(7,603)
Current tax deductions allocated to actuarial losses	9	(467)	467
Movement of deferred tax relating to pension liability	23	262	3,685
<b>Total recognised gains and losses for the financial year</b>		<b>(7,930)</b>	7,019

# Teva UK Limited

## Balance sheet as at 31 December 2012

	Note	2012 £'000	2011 £ 000
<b>Fixed assets</b>			
Intangible fixed assets	10	13,045	14,448
Tangible fixed assets	11	35,192	36,845
Fixed asset investments	12	250	250
		<b>48,487</b>	<b>51,543</b>
<b>Current assets</b>			
Stock	13	115,357	100,722
Debtors	14	279,563	280,823
Cash at bank and in hand		11,753	9,717
		<b>406,673</b>	<b>391,262</b>
<b>Creditors - amounts falling due within one year</b>	15	<b>(422,638)</b>	<b>(399,336)</b>
<b>Net current liabilities</b>		<b>(15,965)</b>	<b>(8,074)</b>
<b>Total assets less current liabilities</b>		<b>32,522</b>	<b>43,469</b>
<b>Creditors - amounts falling due after more than one year</b>	16	<b>(27,423)</b>	<b>(30,227)</b>
<b>Provisions for liabilities and charges</b>	18	<b>(3,040)</b>	<b>(1,471)</b>
<b>Net assets excluding pension liability</b>		<b>2,059</b>	<b>11,771</b>
Pension liability	19	(8,095)	(11,053)
<b>Net (liabilities)/assets including pension liability</b>		<b>(6,036)</b>	<b>718</b>
<b>Capital and reserves</b>			
Called up share capital	20	341	341
Share premium account	22	24,964	24,964
Profit and loss account	22	(31,341)	(24,587)
<b>Total shareholders' (deficit)/funds</b>	23	<b>(6,036)</b>	<b>718</b>

The financial statements on pages 8 to 33 were approved by the board of directors on 5 November 2013 and were signed on its behalf by

  
M Schrewe  
Director

Registered number: 0302461

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012

### 1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year.

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, on the going concern basis and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

The financial statements contain information about Teva UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent company, Teva Pharmaceutical Industries Limited, a company incorporated in Israel and whose financial statements are publicly available. Consequently, the company is also exempt under the terms of FRS 1, 'Cash flow statements', from publishing a cash flow statement.

#### Fundamental accounting concept – going concern

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the immediate parent company Teva UK Holdings Limited, which intends to support the company for at least one year after these financial statements are signed.

#### Intangible fixed assets

Know-how, licences and trademarks acquired for valuable consideration are capitalised at cost only where such expenditure is specifically identified with a marketable product. Amortisation is provided to write-off the cost of intangible fixed assets over the useful economic lives of the related products, which are between 5 and 20 years.

The carrying value of intangible fixed assets is periodically reviewed for events or changes in circumstances which indicate that the carrying value may not be recoverable and, where appropriate, provisions for impairment are made. The basis for determining impairment write down is by reference to the higher of net realisable value and value in use.

#### Purchased goodwill

Positive purchased goodwill, representing the excess of the purchased consideration over the fair value of the assets acquired, is capitalised and expensed to the profit and loss account by equal annual instalments over the estimated useful economic life of the business acquired.

The company evaluates the carrying value of goodwill each year to determine if there has been an impairment in value, which would result in the inability to recover the carrying amount. When it is determined that the carrying value exceeds the recoverable amount, the excess is written off to the profit and loss account.

#### Tangible fixed assets

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

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	Rate
Freehold buildings (Land and buildings)	4%
Leasehold buildings (Land and buildings)	Period of lease
Plant and equipment	5% – 20%

Freehold land is not depreciated. Work in progress in respect of large capital projects for which costs are accumulated until the project is complete is not depreciated until the assets are brought into use, at which point the assets are transferred to the appropriate category.

# **Teva UK Limited**

## **Notes to the financial statements for the year ended 31 December 2012 (continued)**

### **1. Accounting policies (continued)**

#### **Tangible fixed assets (continued)**

The company undertakes a review for impairment of fixed assets if events or changes in circumstances indicate that the carrying amount may not be recoverable. To the extent that the carrying amount exceeds the recoverable amount, that is the higher of net realisable value and value in use, the asset is written down to its recoverable amount. The value in use is determined from estimated discounted future net cash flows.

Additions to fixed assets are depreciated from the time when they are brought into use.

#### **Investments**

Fixed asset investments are shown at cost less provision for impairment. The carrying value of investments is periodically reviewed for events or changes in circumstances which indicate that the carrying value may not be recoverable and provision made accordingly.

#### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method and includes materials, direct labour and production overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

#### **Securitisation**

Securitised assets of the company are recorded in the financial statements according to the substance of the securitisation transaction. Where the risks and rewards which the group has in the assets remain substantially unaffected by the securitisation transaction, the assets, together with the related financing, are included in the balance sheet. Income arising from the assets and the related financing costs are included within the finance income and interest expense respectively.

#### **Finance and operating leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets.

#### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or receive more, tax in the future.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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

# **Teva UK Limited**

## **Notes to the financial statements for the year ended 31 December 2012 (continued)**

### **1. Accounting policies (continued)**

#### **Turnover**

Turnover, which excludes value added tax and trade discounts, represents the value of goods supplied to third parties and the recharge of services to group companies, and is recognised at the point of delivery of non-returnable goods to customers, or at the point of completion of the performance of services

In circumstances whereby the company has not satisfied all contractual obligations under the relevant contract, revenue is deferred and included within deferred income

#### **Other operating income**

Other operating income includes income obtained from certain product profit share agreements and is recognised when all contractual obligations have been satisfied under the relevant contract

Other operating income also includes income from a collaboration agreement with Procter & Gamble. The income is recognised when services are completed each month

Transactions denominated in foreign currencies are translated into Sterling at the rates of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated into Sterling at rates of exchange ruling at the balance sheet date. All profits and losses arising on foreign currency translation are dealt in the profit and loss account and included within other operating income

#### **Development expenditure**

Development expenditure and expenditure on applications for patents, licences and trademarks is written off in the year in which it is incurred

Payments to third parties to acquire existing product licenses are capitalised at cost in intangible fixed assets and amortised over the period in which the company expects to derive economic benefits from their ownership

#### **Pension costs**

##### **i) Defined benefit scheme**

The company participates in the Teva UK Limited Retirement Benefits Scheme which provides defined benefit pensions to employees. The scheme was closed to future accrual with effect from 31 March 2012. All contributions are made to separately administered funds

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. A formal actuarial valuation of the scheme is undertaken triennially, the last valuation undertaken as at 1 April 2012

The amount charged to operating profits, as part of staff costs, are the current service costs and gains and losses on settlements and curtailments. Past service costs are recognised immediately in the profit and loss account if the benefits have vested. If the benefits have not vested, the costs are recognised over the period until vesting occurs. The interest cost and the expected return on assets are shown as a net amount as other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in the statement of total recognised gains and losses

Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet net of the related deferred tax

##### **ii) Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with employees' contracts. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

The company provides no other post-retirement benefits to its employees

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 1. Accounting policies (continued)

#### Share-based payments

The company's ultimate parent undertaking, Teva Pharmaceuticals Industries Limited, issues share options to certain employees which are measured at fair value and recognised as an expense in the profit and loss account with a corresponding credit in profit and loss reserve. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted.

The fair values of these payments are measured at the dates of grant and are recognised over the period during which employees become unconditionally entitled to the awards. At each balance sheet date, Teva UK Limited revises its estimates of the number of options that are expected to vest and the company recognises the impact of the revision to original estimates, if any, in the profit and loss account, with a corresponding adjustment to profit and loss account reserve.

### 2. Turnover

The company's turnover was all derived from its principal activity. Sales were made in the following geographical markets:

	2012 £'000	2011 £'000
United Kingdom	338,148	362,513
Rest of Europe	11,146	12,425
Rest of the World	5,586	6,467
	354,880	381,405

In the opinion of the directors the disclosure of segmental reporting information relating to the business categories of net assets and profit by geographical market, and turnover, net assets and profit by class of business in addition to turnover by geographical origin and destination would be seriously prejudicial to the interest of the company and has not therefore been provided.

### 3. Other operating income

Other operating income includes income obtained from certain product profit share agreements, a collaboration between Procter & Gamble and Teva UK Limited and foreign exchange differences as detailed below:

	2012 £'000	2011 £'000
Profit share agreements	5,876	6,048
Income from PGT collaboration	5,767	-
Foreign exchange gains	584	1,517
	12,227	7,565

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 4. Operating (loss)/profit

Operating (loss)/profit is stated after charging/(crediting)

	2012 £'000	2011 £ 000
Depreciation of owned tangible fixed assets	3,376	3,352
Depreciation of fixed assets held under finance leases	-	24
Amortisation of know-how, licences and trademarks	440	506
Amortisation of purchased goodwill	994	994
Operating lease rentals - plant and machinery	61	67
- other	2,065	2,106
Profit on disposal of fixed assets	(164)	(419)

During the year the company obtained the following services from its auditor at costs detailed below

	2012 £'000	2011 £'000
Audit services	330	285
Non audit services – other services pursuant to legislation	-	36
Services relating to taxation	209	5
Services relating to information technology	3	3

### 5. Interest

#### Interest receivable and similar income

	2012 £'000	2011 £'000
On bank deposits	-	2
Intercompany interest receivable	869	2,105
	869	2,107

#### Interest payable and similar charges

	2012 £'000	2011 £ 000
Securitisation and bank charges	186	817
Intercompany interest payable	2,503	2,008
On finance leases	-	5
Interest on the unwinding of provisions	150	-
	2,839	2,830



# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 6. Directors' remuneration

	2012 £'000	2011 £ 000
Aggregate emoluments	1,107	672
Company pension contributions to money purchase schemes	86	43

The above includes £21,000 (2011 £31,000) recharged to Orvet UK, £61,000 (2011 £49,000) recharged to Norton Healthcare Limited and £610,000 (2011 £nil) to Teva Pharmaceuticals Europe B V , in respect of directors' emoluments

The emoluments of Mr T Andriessen and Mr R Koremans were paid by Teva Pharmaceuticals Europe B V The total emoluments of Mr T Andriessen and Mr R Koremans are included in the aggregate of the directors' emoluments disclosed in the financial statements of Teva Pharmaceuticals Europe B V

Retirement benefits are accruing to three directors (2011 three) under defined contribution schemes No retirement benefits are accruing to directors under the company's defined benefit pension scheme at the year end (2011 none)

Two directors exercised share options during the year for a gain of £84,000 (2011 £79,000)

The above amounts include the following in respect of the highest paid director

	2012 £'000	2011 £'000
Total amount of emoluments and amounts receivable under long-term incentive schemes	526	406
Company pension contributions to money purchase schemes	45	34

The highest paid director exercised share options during the year, totalling £39,000 (2011 £30,000)

The above amounts include £610,000 (2011 £20,000) recharged to fellow group undertakings in respect of emoluments of the highest paid director

### 7. Staff costs

Aggregate remuneration comprised

	2012 £'000	2011 £'000
Wages and salaries	40,348	33,982
Social security costs	4,135	3,094
FRS 20 share based payment charge	1,176	1,512
FRS 17 pension cost – defined benefit pension scheme	441	624
Employer's contributions to defined contribution pension schemes (note 18)	1,550	1,119
	47,650	40,331

## **Teva UK Limited**

### **Notes to the financial statements for the year ended 31 December 2012 (continued)**

#### **7. Staff costs (continued)**

The average monthly number of persons, including executive directors, employed by the company during the year was as follows

	<b>2012</b>	2011
	<b>Number</b>	Number
Office management	<b>480</b>	440
Packing and distribution	<b>221</b>	225
	<b>701</b>	665

#### **8. Exceptional items**

The following exceptional items are included within the statutory format headings on the face of the profit and loss account

	<b>2012</b>	2011
	<b>£'000</b>	£ 000
Cost of sales	<b>1,253</b>	-
Distribution costs	<b>1,711</b>	-
Administrative expenses	<b>1,387</b>	-
Total (Note 19)	<b>4,351</b>	-

The exceptional item relates to a curtailment gain on the closure of the defined benefit pension scheme

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 9. Tax on (loss)/profit on ordinary activities

	2012 £'000	2011 £'000
<b>Current tax on (loss)/profit for the year</b>		
UK corporation tax at 24.5% (2011 26.5%)	-	-
<b>Current tax</b>	-	-
<b>Deferred tax charge/(credit)</b>	<b>2,372</b>	<b>(8,914)</b>
<b>Tax on recognised gains and losses not included in the profit and loss account</b>		
UK corporation tax at 24.5% (2011 26.5%)		
Current tax charge/(credit) related to actuarial losses	467	(467)
Deferred tax movements relating to the defined benefit pension scheme	(262)	(3,685)
	<b>205</b>	<b>(4,152)</b>

The tax charge assessed for the year differs from that calculated at the effective standard rate of corporation tax in the UK of 24.5% (2011 26.5%). The differences are explained below

	2012 £'000	2011 £'000
(Loss)/profit on ordinary activities before tax	(3,337)	1,556
(Loss)/profit on ordinary activities multiplied by the effective standard rate of corporation tax in the UK of 24.5% (2011 26.5%)	(818)	412
Effects of		
Disallowable expenditure	654	500
FRS 17 Pension movement	(1,529)	-
Capital allowances for the year greater than depreciation	(218)	(362)
Profit on disposal of fixed assets	(40)	(110)
Other short term timing differences	121	(143)
Utilisation of brought forward losses	-	(297)
Group relief for no consideration	1,830	-
<b>Total current tax charge</b>	<b>-</b>	<b>-</b>

## Teva UK Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 9. Tax on (loss)/profit on ordinary activities (continued)

Deferred tax		
	<b>2012</b>	2011
	<b>£'000</b>	<b>£'000</b>
Difference between accumulated depreciation and capital allowances	156	391
Deferred tax related to share based payments	1,019	1,028
Deferred tax recognised on losses	6,894	7,470
Other timing differences	-	25
<b>Deferred tax asset</b>	<b>8,069</b>	<b>8,914</b>
At 1 January	12,599	-
Deferred tax (charge)/credit in profit and loss account	(2,372)	8,914
Deferred tax credit in the statement of total recognised gains and losses	262	3,685
<b>At 31 December</b>	<b>10,489</b>	<b>12,599</b>

Deferred taxation has been recognised in the financial statements for the year ended 31 December 2012

During the year the main rate of corporation tax was reduced from 26% to 24%. This change was substantively enacted on 26 March 2012 and effective from 1 April 2012. In the March 2012 budget it was announced that the main rate of corporation tax would reduce further from 24% to 23%, effective from 1 April 2013. This reduction was substantively enacted on 3 July 2012 and is therefore reflected in these financial statements.

Further reductions to the main rate of corporation tax were announced in the March 2013 Budget. The main rate of corporation tax will reduce from 23% to 21% effective from 1 April 2014, and then reduce to 20% with effect from 1 April 2015. These further reductions to the main rate of corporation tax were substantively enacted in the Finance Bill 2013 on 2 July 2013. These changes had not been substantively enacted at the balance sheet date and, therefore, are not recognised in these financial statements.

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 10. Intangible fixed assets

	Purchased goodwill	Know-how, licences and trademarks	Total
	£'000	£'000	£'000
<b>Cost</b>			
At 1 January 2012	14,910	5,022	19,932
Transferred on purchase of trade and assets (note 12)	-	3,165	3,165
<b>At 31 December 2012</b>	<b>14,910</b>	<b>8,187</b>	<b>23,097</b>
<b>Accumulated amortisation</b>			
At 1 January 2012	2,734	2,750	5,484
Transferred on purchase of trade and assets (note 12)	-	3,134	3,134
Charge for the year	994	440	1,434
<b>At 31 December 2012</b>	<b>3,728</b>	<b>6,324</b>	<b>10,052</b>
<b>Net book value</b>			
<b>At 31 December 2012</b>	<b>11,182</b>	<b>1,863</b>	<b>13,045</b>
At 31 December 2011	12,176	2,272	14,448

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 11. Tangible fixed assets

	Land and buildings £'000	Plant and equipment £'000	Work in progress £'000	Total £'000
<b>Cost</b>				
At 1 January 2012	19,798	44,057	5,539	69,394
Additions	15	31	2,311	2,357
Reclassifications	65	1,262	(1,327)	-
Disposals	-	(2,532)	(270)	(2,802)
<b>At 31 December 2012</b>	<b>19,878</b>	<b>42,818</b>	<b>6,253</b>	<b>68,949</b>
<b>Accumulated depreciation</b>				
At 1 January 2012	5,813	26,736	-	32,549
Charge for the year	704	2,672	-	3,376
Disposals	-	(2,168)	-	(2,168)
<b>At 31 December 2012</b>	<b>6,517</b>	<b>27,240</b>	<b>-</b>	<b>33,757</b>
<b>Net book value</b>				
<b>At 31 December 2012</b>	<b>13,361</b>	<b>15,578</b>	<b>6,253</b>	<b>35,192</b>
At 31 December 2011	13,985	17,321	5,539	36,845

The net book value of tangible fixed assets includes an amount of £nil (2011 £nil) in respect of assets held under finance leases

Land and buildings at net book value comprise

	2012 £'000	2011 £'000
Freehold	3,769	3,883
Short leasehold	9,592	10,102
	<b>13,361</b>	<b>13,985</b>

The net book value of land at 31 December 2012 amounted to £500,000 (2011 £500,000)

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 12. Fixed asset investments

	Interests in subsidiary undertakings £'000
<b>Cost at 31 December 2012 and 31 December 2011</b>	<b>250</b>
<b>Net book value at 31 December 2012 and 31 December 2011</b>	<b>250</b>

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

On 31 December 2012 the company acquired the trade and assets of the sales and distribution businesses of Pliva Pharma Limited and ratiopharm (UK) Limited (fellow group companies) for a total consideration of £9,497,000, as detailed in the table below

	Pliva Pharma Limited £'000	ratiopharm (UK) Limited £'000	Total £'000
Intangible fixed assets	31	-	31
Stock	507	228	735
Debtors	6,096	4,522	10,460
Provisions for liabilities and charges	(1,729)	-	(1,729)
Net assets acquired and consideration paid	4,905	4,750	9,497

### 13. Stock

	2012 £'000	2011 £'000
Raw materials and consumables	7,820	11,080
Work in progress	-	3
Finished goods and goods for resale	107,537	89,639
	<b>115,357</b>	<b>100,722</b>

There is no material difference between the balance sheet value of stocks and their replacement cost

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 14. Debtors

Amounts falling due within one year

	2012 £'000	2011 £'000
Trade debtors	59,959	118,899
Amounts owed by group undertakings	204,178	144,437
Deferred tax (note 9)	8,069	8,914
Other debtors	2,420	3,822
Prepayments and accrued income	4,937	4,751
	<b>279,563</b>	<b>280,823</b>

Interest is receivable on loans due from group undertakings at 3 months LIBOR plus 1% (2011 3 months LIBOR plus 1%) No security is held for amounts owed by group undertakings which are repayable on demand

In the prior year the company entered into an agreement to sell certain trade receivables balances to BNP Paribas as part of a group wide securitisation agreement The securitised gross trade receivables as at 31 December 2012 were £72,755,000 (2011 £68,086,000)

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

	2012 £'000	2011 £'000
Trade creditors	33,784	27,006
Amounts owed to group undertakings	297,836	293,734
Amounts due in respect of securitised receivables	72,755	68,086
Obligations under finance leases	-	82
Other taxation and social security	12,132	7,425
Accruals and deferred income	6,131	3,003
	<b>422,638</b>	<b>399,336</b>

Interest is payable to other group companies on non-trading balances at a rate of LIBOR plus 1% No security is held for amounts owed to group undertakings, which are repayable on demand



# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 16. Creditors: amounts falling due after more than one year

	2012 £'000	2011 £'000
Deferred income	27,423	30,227

The net finance lease obligations to which the company is committed are

	2012 £'000	2011 £'000
In one year or less	-	82

### 17. Lease obligations

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

	2012		2011	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	-	-	111	-
Expiring between two and five years	282	-	278	27
Expiring in over five years	2,459	-	1,700	-
	2,741	-	2,089	27

### 18. Provisions for liabilities and charges

	Contract termination costs £'000	Onerous lease provision £'000	Total £'000
As at 1 January 2012	-	1,471	1,471
Utilised	-	(310)	(310)
Amortisation of discount	-	150	150
Transferred on purchase of trade and assets (note 12)	849	880	1,729
As at 31 December 2012	849	2,191	3,040

The onerous lease provision brought forward relates to the company's former head office and distribution centre based in Morley, Leeds. Full provision has been made for the residual lease commitments and as at 31 December 2012 the remaining period of the lease is approximately two years.

The onerous lease transferred from Pliva Pharma Ltd under the purchase of the trade and assets of the company (note 12) relates to the lease of the former offices in Petersfield, Sussex. Full provision has been made for these commitments. At 31 December 2012 the remaining period of the lease is approximately 10 years.

## Teva UK Limited

### Notes to the financial statements for the year ended 31 December 2012 (continued)

#### 19. Pension and similar obligations

##### i) Defined benefit scheme

The company participates in the Teva UK Limited Retirement Benefits Scheme which provides defined benefit pensions to employees. On 31 March 2012 the scheme was closed to future accrual and benefits ceased to accrue with effect from that date.

The assets of the scheme are held in a separate trustee administered fund.

The actuarial valuation of the scheme at 5 April 2009 was updated to 31 December 2012 by a qualified actuary using a set of assumptions consistent with those required under FRS 17. During the year, total contributions of £2,687,000 (2011: £1,928,000) were paid, of which £2,650,000 (2011: £1,764,000) were paid by the company.

The pension expense for the year ended 31 December 2012 includes a curtailment gain of £4,351,000 arising from the closure of the scheme on 31 March 2012. The curtailment gain has been included as an exceptional item in the profit and loss account during the year.

Under the projected unit method, the current service cost can be expected to increase as the members of the scheme approach retirement. The major assumptions used by the actuary were:

	2012	2011	2010
Rate of increase in earnings	4.00%	4.00%	4.30%
Rate of increase in pensions in payment	2.00%	2.90%	3.10%
Discount rate	4.30%	4.70%	5.40%
Inflation assumption	2.90%	3.00%	3.30%

For the current and prior year the following mortality assumptions were adopted:

Pensioners	PA 00, long cohort
Non-pensioners	PA 00, long cohort

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 19. Pension and similar obligations (continued)

The net pension liability which is recognised in the balance sheet under FRS 17 is as follows

	2012		2011		2010	
	Expected rate of return	£'000	Expected rate of return	£'000	Expected rate of return	£'000
Equities	5.40%	14,675	5.05%	20,329	6.60%	21,533
Bonds	4.30%	8,327	4.70%	5,566	5.40%	4,815
Cash and other investments	3.00%	531	0.50%	317	-	134
Property	5.40%	5,994	5.50%	292	6.60%	268
Total market value of assets		29,527		26,504		26,750
Present value of liabilities		(40,040)		(41,242)		(34,900)
Deficit in the scheme		(10,513)		(14,738)		(8,150)
Related deferred tax asset		2,418		3,685		-
Net pension liability		(8,095)		(11,053)		(8,150)

The following amounts are recognised in the performance statements under the requirements of FRS 17

	2012 £'000	2011 £'000
Operating profit		
Current service cost	(441)	(624)
Curtailment gain	4,351	-
<b>Total operating credit/(charge)</b>	<b>3,910</b>	<b>(624)</b>
Other financial expenses		
Expected return on pension scheme assets	1,490	1,734
Interest on pension scheme liabilities	(1,809)	(1,859)
<b>Other finance expenses (net)</b>	<b>(319)</b>	<b>(125)</b>
	2012 £'000	2011 £'000
Statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	690	(2,676)
Changes in assumptions underlying the present value of the scheme liabilities	(2,706)	(4,927)
<b>Actuarial loss recognised in STRGL</b>	<b>(2,016)</b>	<b>(7,603)</b>

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 19. Pension and similar obligations (continued)

An analysis of the movement in the scheme deficit is as follows

	2012 £'000	2011 £'000
Deficit in scheme at beginning of the year	(14,738)	(8,150)
Movement in year		
Current service cost	(441)	(624)
Contributions by company	2,650	1,764
Other finance expenses	(319)	(125)
Actuarial loss	(2,016)	(7,603)
Curtailment gain	4,351	-
<b>Deficit in scheme at end of the year</b>	<b>10,513</b>	<b>(14,738)</b>

A Recovery Plan has been agreed whereby additional contributions of £1,608,000 per annum, increasing at a rate of 2.8% each year, will be paid to the scheme to eliminate the funding shortfall identified in the actuarial valuation of 1 April 2012. The funding shortfall is anticipated to be eliminated by June 2020.

Reconciliation of present value of scheme liabilities

	2012 £'000	2011 £'000
1 January	41,242	34,900
Current service cost	441	624
Interest cost	1,809	1,859
Participants' contributions	37	164
Actuarial loss	2,706	4,927
Benefits paid	(1,524)	(966)
Expenses paid	(320)	(266)
Plan curtailments	(4,351)	-
31 December	40,040	41,242

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 19. Pension and similar obligations (continued)

Reconciliation of fair value of scheme assets

	2012 £'000	2011 £'000
1 January	26,504	26,750
Expected return on plan assets	1,490	1,734
Actuarial gain/(loss) on plan assets	690	(2,676)
Employer contributions	2,650	1,764
Participants' contributions	37	164
Benefits paid	(1,524)	(966)
Expenses paid	(320)	(266)
31 December	29,527	26,504

The amounts recognised in the profit and loss account are as follows

	2012 £'000	2011 £'000
Current service cost	441	624
Expected return on pension scheme assets	(1,490)	(1,734)
Interest on pension scheme liabilities	1,809	1,859
Curtailment gain recognised	(4,351)	-
Total (credit)/charge	(3,591)	749

A history of experience gains and losses is presented below

	2012	2011	2010	2009	2008
<b>Difference between the expected and actual return on scheme assets:</b>					
Amount £'000	(690)	2,676	1,902	2,750	(5,022)
Percentage of scheme assets (%)	(2.3%)	10.1%	7.1%	12.4%	(29.1%)
<b>Experience gains and losses on scheme liabilities:</b>					
Amount £'000	-	878	3,278	(9,473)	(2,999)
Percentage of present value of scheme liabilities (%)	0%	2.1%	9.4%	26.3%	11.8%
<b>Total amount recognised in STRGL:</b>					
Amount £'000	(2,016)	(7,603)	5,180	(6,723)	(707)
Percentage of present value of scheme liabilities (%)	5.0%	18.4%	14.8%	(18.7%)	(2.8%)

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 19. Pension and similar obligations (continued)

#### ii) Defined contribution scheme

During the year, contributions of £1,550,000 (2011 £1,119,000) were paid to defined contribution schemes by the company. At 31 December 2012 contributions of £137,000 (2011 £97,000) were outstanding.

### 20. Called up share capital

	2012 £'000	2011 £'000
<b>Authorised</b>		
1 (2011 1) ordinary share of US\$1	-	-
1,000,000 (2011 1,000,000) deferred shares of £1 each	1,000	1,000
<b>Allotted and fully paid</b>		
1 (2011 1) ordinary share of US\$1	-	-
340,555 (2011 340,555) deferred shares of £1 each	341	341

The holders of deferred shares are not entitled to any participation in the profits or assets of the company, other than on a liquidation or other return of capital after the holders of every other class of shares in the capital of the company have received the sum of £1 million in respect of each share (other than deferred shares) held by them and then only to the extent of £2 per deferred share. None of the deferred shares carry any right to receive notice of or attend and vote at any general meeting of the company.

The company has the power and authority at any time to purchase all or any of the deferred shares for an aggregate consideration of £1 which shall be applied for the benefit of the company.

### 21. Share based payments

Certain senior employees of the company are entitled to share options in the ultimate parent company. Options are granted either with a fixed exercise price equal to the closing NYSE share price at the date of grant, or at an exercise price of £nil for Restricted Stock Units ('RSUs'). The contractual life of an option is 5-7 years. Options granted become exercisable in equal proportions on the second, third and fourth anniversary of the date of grant. Exercise of an option is subject to continued employment. Options were valued using the Black-Scholes option-pricing model. No performance conditions were included in the fair value calculations.

The fair value of RSUs is estimated based on the market value of the award at the grant date, less an estimate of dividends that will not accrue to the RSU holders prior to vesting.

There are no other features, other than those stated above which require incorporation into the measurement of fair value. No modifications were made to the options since the date of grant.

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 21. Share based payments (continued)

The table below summarises the share-based payment awards that were made in 2012, together with the assumptions that have been used to calculate the fair values

	Options	RSUs	Options	RSUs
Date of grant	13 December 2012	13 December 2012	24 February 2012	24 February 2012
Number granted	141,282	26,592	39,145	6,417
Fair value per option	£4.32	£22.70	£5.04	£25.53
Share price at grant	£24.02	£24.02	£27.57	£27.57
Exercise price	£24.02	£0.00	£27.57	£0.00
Number of employees	62	41	7	7
Expected volatility (%pa)	23%	N/A	25%	N/A
Expected dividends	2.72%	2.72%	2.39%	2.39%
Risk-free interest rate	1.45%	1.45%	1.16%	1.16%
Contractual Life	10 years	10 years	10 years	10 years
Vesting period	1 – 3 years	1 – 3 years	2 – 4 years	2 – 4 years
Expected life	9 years	N/A	6 years	N/A

The table below summarises the share-based payment awards that were made in 2011, together with the assumptions that have been used to calculate the fair values

	Options	RSUs	Options	RSUs
Date of grant	7 November 2011	7 November 2011	24 February 2011	24 February 2011
Number granted	183,291	22,660	29,180	2,840
Fair value per option	£5.90	£24.91	£6.61	£30.49
Share price at grant	£26.85	£26.85	£32.26	£32.26
Exercise price	£26.85	£nil	£32.26	£nil
Number of employees	56	41	5	4
Expected volatility (%pa)	28%	N/A	24%	N/A
Expected dividends (%pa)	2.08%	2.08%	1.75%	1.75%
Risk-free interest rate	1.22%	N/A	2.21%	N/A
Contractual Life	7 years	7 years	7 years	7 years
Vesting period	2 – 4 years	2 – 4 years	2 – 4 years	2 – 4 years
Expected life	5 years	5 years	5 years	5 years

Expected volatility is based on an analysis of the parent company's historical daily share price volatility. The risk-free interest rate is based on observed interest rates appropriate for the expected term of the stock options granted.

At 31 December 2012, options over 1,023,466 (2011: 848,456) shares in the Company's ultimate parent were outstanding, comprising options 941,307 (2011: 794,505) and 82,159 RSUs (2011: 53,951).

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 21. Share based payments (continued)

#### Options

The table below shows the movement in the number and weighted average exercise prices ('WAEP') of options

	2012		2011	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding at 1 January	794,505	29.22	628,336	29.25
Granted	180,427	24.79	212,471	27.59
Exercised	(1,253)	16.41	(21,056)	18.80
Forfeited	(6,834)	24.98	(25,246)	24.95
Transferred	-	-	-	-
Outstanding at 31 December	966,845	28.44	794,505	29.22
Exercisable at 31 December	400,858	27.92	265,540	25.05

The weighted average fair value of options granted in the year was £807,137 (2011: £1,274,630)

Share options transferred relates to employees transferring to different businesses within the worldwide group, resulting in the remaining share options and employee share based payment charge in respect of these employees also being transferred either to or from Teva UK Limited

The table below shows the range of exercise prices and weighted average remaining contractual life for options outstanding at the end of the year

Range of exercise prices	Weighted average exercise price	2012			2011			
		Number of shares	Weighted average remaining life (years)		Weighted average exercise price	Number of shares	Weighted average remaining life (years)	
			Expected	Contractual			Expected	Contractual
£15.00 - £20.00	£16.41	36,819	0.0	0.9	£16.41	38,072	0.1	1.9
£20.00 – £25.00	£23.21	248,529	3.4	4.8	£22.30	113,747	0.9	2.8
£25.00 - £30.00	£27.61	333,468	2.9	4.9	£27.61	294,657	3.8	5.8
£30.00 - £35.00	£33.93	325,150	2.5	4.5	£33.93	325,150	3.5	5.5
£35.00 - £40.00	£28.62	22,879	2.1	4.1	£38.62	22,879	3.2	5.2

The weighted average share price during the year for options exercised over the year was £25.87 (2011: £32.91)



# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 21. Share based payments (continued)

#### Restricted stock units

The table below shows the movement in the number and weighted average grant date fair values of RSUs

	2012		2011	
	Number	Weighted average grant date fair value	Number	Weighted average grant date fair value
Outstanding at 1 January	53,951	29.04	41,538	29 53
Granted	33,009	23.25	25,500	25 54
Exercised	(12,281)	30.26	(10,725)	27 14
Forfeited	(2,322)	31.92	(2,362)	29 19
Transferred	-	-	-	-
Outstanding at 31 December	72,357	26 10	53,951	28 13
Exercisable at 31 December	-	-	-	-

The weighted average fair value of RSUs granted in the year was £767,375 (2011 £651,152)

The weighted average share price during the year for RSUs exercised over the year was £23 12 (2011 £26 57)

The total charge for the year relating to all employee share based payments was £1,176,000 (2011 £1,512,000) all of which related to the equity settled based payment transactions. After deferred tax the total charge was £1,185,000 (2011 £484,000)

# Teva UK Limited

## Notes to the financial statements for the year ended 31 December 2012 (continued)

### 22. Reserves

	Share premium account £'000	Profit and loss account £'000
At 1 January 2012	24 964	(24,587)
Loss for the financial year	-	(5,709)
Actuarial losses on pension scheme	-	(2,221)
Adjustment in respect of employee share schemes	-	1,176
<b>At 31 December 2012</b>	<b>24,964</b>	<b>(31,341)</b>
Pensions deficit		8,095
Profit and loss account excluding pension deficit		(23,246)

### 23. Reconciliation of movements on shareholders' funds

	2012 £'000	2011 £'000
(Loss)/profit for the financial year	(5,709)	10,470
Actuarial losses on pension scheme	(2,221)	(3,451)
Adjustment in respect of employee share schemes	1,176	1,512
(Decrease)/increase in shareholders' funds	(6,754)	8,531
Opening shareholders' funds/(deficit)	718	(7,813)
Closing shareholders' (deficit)/funds	(6,036)	718

### 24. Capital commitments

	2012 £'000	2011 £'000
Capital expenditure that has been contracted but not provided for in the financial statements	1,574	624

### 25. Related party transactions

The company is a wholly owned subsidiary of Teva Pharmaceutical Industries Limited, whose consolidated financial statements are publicly available for inspection. Consequently, the company has taken advantage of the exemption available under the terms of FRS 8 not to disclose related party transactions with group companies.

## **Teva UK Limited**

### **Notes to the financial statements for the year ended 31 December 2012 (continued)**

#### **26. Ultimate parent company**

The immediate parent undertaking is Teva UK Holdings Limited, a company incorporated in England and Wales. The directors regard Teva Pharmaceutical Industries Limited, a company incorporated in Israel, as the ultimate parent company and ultimate controlling party.

The smallest and largest group in which the results of the company are consolidated is that of the ultimate parent company. Copies of the ultimate parent's consolidated financial statements may be obtained from Science Based Industries Campus, Har Hotzvim, P O Box 1142 Jerusalem 91010, Israel.